

REFERENCE TITLE: charter schools; small school weight

State of Arizona  
House of Representatives  
Fifty-first Legislature  
Second Regular Session  
2014

## **HB 2230**

Introduced by  
Representatives Mach, Dalessandro, Gabaldón, Otondo: Campbell, Larkin,  
Quezada, Wheeler, Senator McGuire

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO CHARTER  
SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to  
3 read:

4 15-185. Charter schools; financing; civil penalty;  
5 transportation; definitions

6 A. Financial provisions for a charter school that is sponsored by a  
7 school district governing board are as follows:

8 1. The charter school shall be included in the district's budget and  
9 financial assistance calculations pursuant to paragraph 3 of this subsection  
10 and chapter 9 of this title, except for chapter 9, article 4 of this title.  
11 The charter of the charter school shall include a description of the methods  
12 of funding the charter school by the school district. The school district  
13 shall send a copy of the charter and application, including a description of  
14 how the school district plans to fund the school, to the state board of  
15 education before the start of the first fiscal year of operation of the  
16 charter school. The charter or application shall include an estimate of the  
17 student count for the charter school for its first fiscal year of operation.  
18 This estimate shall be computed pursuant to the requirements of paragraph 3  
19 of this subsection.

20 2. A school district is not financially responsible for any charter  
21 school that is sponsored by the state board of education, the state board for  
22 charter schools, a university under the jurisdiction of the Arizona board of  
23 regents, a community college district or a group of community college  
24 districts.

25 3. A school district that sponsors a charter school may ~~+~~  
26 ~~(a)~~ increase its student count as provided in subsection B, paragraph  
27 2 of this section during the first year of the charter school's operation to  
28 include those charter school pupils who were not previously enrolled in the  
29 school district. A charter school sponsored by a school district governing  
30 board is eligible for the charter additional assistance prescribed in  
31 subsection B, paragraph 4 of this section. The district additional  
32 assistance allocation as provided in section 15-961 for the school district  
33 sponsoring the charter school shall be increased by the amount of the charter  
34 additional assistance. The school district shall include the full amount of  
35 the charter additional assistance in the funding provided to the charter  
36 school.

37 ~~(b) Compute separate weighted student counts pursuant to section~~  
38 ~~15-943, paragraph 2, subdivision (a) for its noncharter school versus charter~~  
39 ~~school pupils in order to maintain eligibility for small school district~~  
40 ~~support level weights authorized in section 15-943, paragraph 1 for its~~  
41 ~~noncharter school pupils only. The portion of a district's student count~~  
42 ~~that is attributable to charter school pupils is not eligible for small~~  
43 ~~school district support level weights.~~

44 4. If a school district uses the provisions of paragraph 3 of this  
45 subsection, the school district is not eligible to include those pupils in

1 its student count for the purposes of computing an increase in its revenue  
2 control limit and district support level as provided in section 15-948.

3 5. A school district that sponsors a charter school is not eligible to  
4 include the charter school pupils in its student count for the purpose of  
5 computing an increase in its district additional assistance as provided in  
6 section 15-961, subsection B, except that if the charter school was  
7 previously a school in the district, the district may include in its student  
8 count any charter school pupils who were enrolled in the school district in  
9 the prior year.

10 6. A school district that sponsors a charter school is not eligible to  
11 include the charter school pupils in its student count for the purpose of  
12 computing the revenue control limit which is used to determine the maximum  
13 budget increase as provided in chapter 4, article 4 of this title unless the  
14 charter school is located within the boundaries of the school district.

15 7. If a school district converts one or more of its district public  
16 schools to a charter school and receives assistance as prescribed in  
17 subsection B, paragraph 4 of this section, and subsequently converts the  
18 charter school back to a district public school, the school district shall  
19 repay the state the total charter additional assistance received for the  
20 charter school for all years that the charter school was in operation. The  
21 repayment shall be in one lump sum and shall be reduced from the school  
22 district's current year equalization assistance. The school district's  
23 general budget limit shall be reduced by the same lump sum amount in the  
24 current year.

25 8. THE PORTION OF A DISTRICT'S STUDENT COUNT THAT IS ATTRIBUTABLE TO  
26 CHARTER SCHOOL PUPILS IS NOT ELIGIBLE FOR SMALL SCHOOL DISTRICT SUPPORT LEVEL  
27 WEIGHTS.

28 B. Financial provisions for a charter school that is sponsored by the  
29 state board of education, the state board for charter schools, a university,  
30 a community college district or a group of community college districts are as  
31 follows:

32 1. The charter school shall calculate a base support level as  
33 prescribed in section 15-943, except that:

34 (a) Section 15-941 does not apply to these charter schools.

35 (b) CHARTER SCHOOL PUPILS ARE NOT ELIGIBLE FOR SMALL SCHOOL DISTRICT  
36 SUPPORT LEVEL WEIGHTS.

37 2. Notwithstanding paragraph 1 of this subsection, the student count  
38 shall be determined initially using an estimated student count based on  
39 actual registration of pupils before the beginning of the school year. After  
40 the first one hundred days or two hundred days in session, as applicable, the  
41 charter school shall revise the student count to be equal to the actual  
42 average daily membership, as defined in section 15-901, of the charter  
43 school. Before the one hundredth day or two hundredth day in session, as  
44 applicable, the state board of education, the state board for charter  
45 schools, the sponsoring university, the sponsoring community college district

1 or the sponsoring group of community college districts may require a charter  
2 school to report periodically regarding pupil enrollment and attendance, and  
3 the department of education may revise its computation of equalization  
4 assistance based on the report. A charter school shall revise its student  
5 count, base support level and charter additional assistance before May 15. A  
6 charter school that overestimated its student count shall revise its budget  
7 before May 15. A charter school that underestimated its student count may  
8 revise its budget before May 15.

9 3. A charter school may utilize section 15-855 for the purposes of  
10 this section. The charter school and the department of education shall  
11 prescribe procedures for determining average daily membership.

12 4. Equalization assistance for the charter school shall be determined  
13 by adding the amount of the base support level and charter additional  
14 assistance. The amount of the charter additional assistance is one thousand  
15 six hundred eighty-four dollars nineteen cents per student count in preschool  
16 programs for children with disabilities, kindergarten programs and grades one  
17 through eight and one thousand nine hundred sixty-two dollars ninety cents  
18 per student count in grades nine through twelve.

19 5. The state board of education shall apportion state aid from the  
20 appropriations made for such purposes to the state treasurer for disbursement  
21 to the charter schools in each county in an amount as determined by this  
22 paragraph. The apportionments shall be made as prescribed in section 15-973,  
23 subsection B.

24 6. The charter school shall not charge tuition for pupils who reside  
25 in this state, levy taxes or issue bonds. A charter school may admit pupils  
26 who are not residents of this state and shall charge tuition for those pupils  
27 in the same manner prescribed in section 15-823.

28 7. Not later than noon on the day preceding each apportionment date  
29 established by paragraph 5 of this subsection, the superintendent of public  
30 instruction shall furnish to the state treasurer an abstract of the  
31 apportionment and shall certify the apportionment to the department of  
32 administration, which shall draw its warrant in favor of the charter schools  
33 for the amount apportioned.

34 C. If a pupil is enrolled in both a charter school and a public school  
35 that is not a charter school, the sum of the daily membership, which includes  
36 enrollment as prescribed in section 15-901, subsection A, paragraph 1,  
37 subdivisions (a) and (b) and daily attendance as prescribed in section  
38 15-901, subsection A, paragraph 5, for that pupil in the school district and  
39 the charter school shall not exceed 1.0. If a pupil is enrolled in both a  
40 charter school and a public school that is not a charter school, the  
41 department of education shall direct the average daily membership to the  
42 school with the most recent enrollment date. On validation of actual  
43 enrollment in both a charter school and a public school that is not a charter  
44 school and if the sum of the daily membership or daily attendance for that  
45 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be

1 apportioned between the public school and the charter school based on the  
2 percentage of total time that the pupil is enrolled or in attendance in the  
3 public school and the charter school. The uniform system of financial  
4 records shall include guidelines for the apportionment of the pupil  
5 enrollment and attendance as provided in this section.

6 D. Charter schools are allowed to accept grants and gifts to  
7 supplement their state funding, but it is not the intent of the charter  
8 school law to require taxpayers to pay twice to educate the same pupils. The  
9 base support level for a charter school or for a school district sponsoring a  
10 charter school shall be reduced by an amount equal to the total amount of  
11 monies received by a charter school from a federal or state agency if the  
12 federal or state monies are intended for the basic maintenance and operations  
13 of the school. The superintendent of public instruction shall estimate the  
14 amount of the reduction for the budget year and shall revise the reduction to  
15 reflect the actual amount before May 15 of the current year. If the  
16 reduction results in a negative amount, the negative amount shall be used in  
17 computing all budget limits and equalization assistance, except that:

18 1. Equalization assistance shall not be less than zero.

19 2. For a charter school sponsored by the state board of education, the  
20 state board for charter schools, a university, a community college district  
21 or a group of community college districts, the total of the base support  
22 level and the charter additional assistance shall not be less than zero.

23 3. For a charter school sponsored by a school district, the base  
24 support level for the school district shall not be reduced by more than the  
25 amount that the charter school increased the district's base support level  
26 and district additional assistance allocation.

27 E. If a charter school was a district public school in the prior year  
28 and is now being operated for or by the same school district and sponsored by  
29 the state board of education, the state board for charter schools, a  
30 university, a community college district, a group of community college  
31 districts or a school district governing board, the reduction in subsection D  
32 of this section applies. The reduction to the base support level of the  
33 charter school or the sponsoring district of the charter school shall equal  
34 the sum of the base support level and the charter additional assistance  
35 received in the current year for those pupils who were enrolled in the  
36 traditional public school in the prior year and are now enrolled in the  
37 charter school in the current year.

38 F. Equalization assistance for charter schools shall be provided as a  
39 single amount based on average daily membership without categorical  
40 distinctions between maintenance and operations or capital.

41 G. At the request of a charter school, the county school  
42 superintendent of the county where the charter school is located may provide  
43 the same educational services to the charter school as prescribed in section  
44 15-308, subsection A. The county school superintendent may charge a fee to  
45 recover costs for providing educational services to charter schools.

1 H. If the sponsor of the charter school determines at a public meeting  
 2 that the charter school is not in compliance with federal law, with the laws  
 3 of this state or with its charter, the sponsor of a charter school may submit  
 4 a request to the department of education to withhold up to ten per cent of  
 5 the monthly apportionment of state aid that would otherwise be due the  
 6 charter school. The department of education shall adjust the charter  
 7 school's apportionment accordingly. The sponsor shall provide written notice  
 8 to the charter school at least seventy-two hours before the meeting and shall  
 9 allow the charter school to respond to the allegations of noncompliance at  
 10 the meeting before the sponsor makes a final determination to notify the  
 11 department of education of noncompliance. The charter school shall submit a  
 12 corrective action plan to the sponsor on a date specified by the sponsor at  
 13 the meeting. The corrective action plan shall be designed to correct  
 14 deficiencies at the charter school and to ensure that the charter school  
 15 promptly returns to compliance. When the sponsor determines that the charter  
 16 school is in compliance, the department of education shall restore the full  
 17 amount of state aid payments to the charter school.

18 I. In addition to the withholding of state aid payments pursuant to  
 19 subsection H of this section, the sponsor of a charter school may impose a  
 20 civil penalty of one thousand dollars per occurrence if a charter school  
 21 fails to comply with the fingerprinting requirements prescribed in section  
 22 15-183, subsection C or section 15-512. The sponsor of a charter school  
 23 shall not impose a civil penalty if it is the first time that a charter  
 24 school is out of compliance with the fingerprinting requirements and if the  
 25 charter school provides proof within forty-eight hours of written  
 26 notification that an application for the appropriate fingerprint check has  
 27 been received by the department of public safety. The sponsor of the charter  
 28 school shall obtain proof that the charter school has been notified, and the  
 29 notification shall identify the date of the deadline and shall be signed by  
 30 both parties. The sponsor of a charter school shall automatically impose a  
 31 civil penalty of one thousand dollars per occurrence if the sponsor  
 32 determines that the charter school subsequently violates the fingerprinting  
 33 requirements. Civil penalties pursuant to this subsection shall be assessed  
 34 by requesting the department of education to reduce the amount of state aid  
 35 that the charter school would otherwise receive by an amount equal to the  
 36 civil penalty. The amount of state aid withheld shall revert to the state  
 37 general fund at the end of the fiscal year.

38 J. A charter school may receive and spend monies distributed by the  
 39 department of education pursuant to section 42-5029, subsection E and section  
 40 37-521, subsection B.

41 K. If a school district transports or contracts to transport pupils to  
 42 the Arizona state schools for the deaf and the blind during any fiscal year,  
 43 the school district may transport or contract with a charter school to  
 44 transport sensory impaired pupils during that same fiscal year to a charter  
 45 school if requested by the parent of the pupil and if the distance from the

1 pupil's place of actual residence within the school district to the charter  
2 school is less than the distance from the pupil's place of actual residence  
3 within the school district to the campus of the Arizona state schools for the  
4 deaf and the blind.

5 L. Notwithstanding any other law, a university under the jurisdiction  
6 of the Arizona board of regents, a community college district or a group of  
7 community college districts shall not include any student in the student  
8 count of the university, community college district or group of community  
9 college districts for state funding purposes if that student is enrolled in  
10 and attending a charter school sponsored by the university, community college  
11 district or group of community college districts.

12 M. The governing body of a charter school shall transmit a copy of its  
13 proposed budget or the summary of the proposed budget and a notice of the  
14 public hearing to the department of education for posting on the department  
15 of education's website no later than ten days before the hearing and meeting.  
16 If the charter school maintains a website, the charter school governing body  
17 shall post on its website a copy of its proposed budget or the summary of the  
18 proposed budget and a notice of the public hearing.

19 N. The governing body of a charter school shall collaborate with the  
20 private organization that is approved by the state board of education  
21 pursuant to section 15-792.02 to provide approved board examination systems  
22 for the charter school.

23 O. If permitted by federal law, a charter school may opt out of  
24 federal grant opportunities if the charter holder or the appropriate  
25 governing body of the charter school determines that the federal requirements  
26 impose unduly burdensome reporting requirements.

27 P. For the purposes of this section:

28 1. "Monies intended for the basic maintenance and operations of the  
29 school" means monies intended to provide support for the educational program  
30 of the school, except that it does not include supplemental assistance for a  
31 specific purpose or title VIII of the elementary and secondary education act  
32 of 1965 monies. The auditor general shall determine which federal or state  
33 monies meet the definition in this paragraph.

34 2. "Operated for or by the same school district" means the charter  
35 school is either governed by the same district governing board or operated by  
36 the district in the same manner as other traditional schools in the district  
37 or is operated by an independent party that has a contract with the school  
38 district. The auditor general and the department of education shall  
39 determine which charter schools meet the definition in this subsection.