

***THIS CHAPTER HAS LINE ITEM VETOED MATERIAL***

Line item vetoed material shown BOLDED, *ITALICIZED* and underlined.

House Engrossed Senate Bill

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

**CHAPTER 17**

**SENATE BILL 1488**

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-216; AMENDING SECTIONS 15-901, 15-917, 15-945, 15-2002, 15-2032 AND 15-2041, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF SECTION 15-216, ARIZONA REVISED STATUTES, AS ADDED BY THIS ACT; MAKING APPROPRIATIONS AND TRANSFERS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-183, Arizona Revised Statutes, is amended to  
3 read:

4 15-183. Charter schools; application; requirements; immunity;  
5 exemptions; renewal of application; reprisal; fee;  
6 funds

7 A. An applicant seeking to establish a charter school shall submit a  
8 written application to a proposed sponsor as prescribed in subsection C of  
9 this section. The application, application process and application time  
10 frames shall be posted on the sponsor's website and shall include the  
11 following, as specified in the application adopted by the sponsor:

- 12 1. A detailed educational plan.
- 13 2. A detailed business plan.
- 14 3. A detailed operational plan.
- 15 4. Any other materials required by the sponsor.

16 B. The sponsor of a charter school may contract with a public body,  
17 private person or private organization for the purpose of establishing a  
18 charter school pursuant to this article.

19 C. The sponsor of a charter school may be either a school district  
20 governing board, the state board of education, the state board for charter  
21 schools, a university under the jurisdiction of the Arizona board of regents,  
22 a community college district with enrollment of more than fifteen thousand  
23 full-time equivalent students or a group of community college districts with  
24 a combined enrollment of more than fifteen thousand full-time equivalent  
25 students, subject to the following requirements:

26 1. For charter schools that submit an application for sponsorship to a  
27 school district governing board:

28 (a) An applicant for a charter school may submit its application to a  
29 school district governing board, which shall either accept or reject  
30 sponsorship of the charter school within ninety days. An applicant may  
31 submit a revised application for reconsideration by the governing board. If  
32 the governing board rejects the application, the governing board shall notify  
33 the applicant in writing of the reasons for the rejection. The applicant may  
34 request, and the governing board may provide, technical assistance to improve  
35 the application.

36 (b) In the first year that a school district is determined to be out  
37 of compliance with the uniform system of financial records, within fifteen  
38 days of the determination of noncompliance, the school district shall notify  
39 by certified mail each charter school sponsored by the school district that  
40 the school district is out of compliance with the uniform system of financial  
41 records. The notification shall include a statement that if the school  
42 district is determined to be out of compliance for a second consecutive year,  
43 the charter school will be required to transfer sponsorship to another entity  
44 pursuant to subdivision (c) of this paragraph.

45 (c) In the second consecutive year that a school district is  
46 determined to be out of compliance with the uniform system of financial

1 records, within fifteen days of the determination of noncompliance, the  
2 school district shall notify by certified mail each charter school sponsored  
3 by the school district that the school district is out of compliance with the  
4 uniform system of financial records. A charter school that receives a  
5 notification of school district noncompliance pursuant to this subdivision  
6 shall file a written sponsorship transfer application within forty-five days  
7 with the state board of education, the state board for charter schools or the  
8 school district governing board if the charter school is located within the  
9 geographic boundaries of that school district. A charter school that  
10 receives a notification of school district noncompliance may request an  
11 extension of time to file a sponsorship transfer application, and the state  
12 board of education, the state board for charter schools or a school district  
13 governing board may grant an extension of not more than an additional thirty  
14 days if good cause exists for the extension. The state board of education  
15 and the state board for charter schools shall approve a sponsorship transfer  
16 application pursuant to this paragraph.

17 (d) A school district governing board shall not grant a charter to a  
18 charter school that is located outside the geographic boundaries of that  
19 school district.

20 (e) A school district that has been determined to be out of compliance  
21 with the uniform system of financial records during either of the previous  
22 two fiscal years shall not sponsor a new or transferring charter school.

23 (f) NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT GOVERNING BOARD  
24 SHALL NOT GRANT A CHARTER TO A NEW CHARTER SCHOOL THAT BEGINS INITIAL  
25 OPERATIONS AFTER JUNE 30, 2013 OR CONVERT AN EXISTING DISTRICT PUBLIC SCHOOL  
26 TO A CHARTER SCHOOL THAT BEGINS INITIAL OPERATIONS AFTER JUNE 30, 2013.

27 2. The applicant may submit the application to the state board of  
28 education or the state board for charter schools. NOTWITHSTANDING ANY OTHER  
29 LAW, NEITHER THE STATE BOARD FOR CHARTER SCHOOLS NOR THE STATE BOARD OF  
30 EDUCATION SHALL GRANT A CHARTER TO A SCHOOL DISTRICT GOVERNING BOARD FOR A  
31 NEW CHARTER SCHOOL THAT BEGINS INITIAL OPERATIONS AFTER JUNE 30, 2013 OR FOR  
32 THE CONVERSION OF AN EXISTING DISTRICT PUBLIC SCHOOL TO A CHARTER SCHOOL THAT  
33 BEGINS INITIAL OPERATIONS AFTER JUNE 30, 2013. The state board of education  
34 or the state board for charter schools may approve the application if the  
35 application meets the requirements of this article and may approve the  
36 charter if the proposed sponsor determines, within its sole discretion, that  
37 the applicant is sufficiently qualified to operate a charter school and that  
38 the applicant is applying to operate as a separate charter holder by  
39 considering factors such as whether:

40 (a) The schools have separate governing bodies, governing body  
41 membership, staff, facilities, and student population.

42 (b) Daily operations are carried out by different administrators.

43 (c) The applicant intends to have an affiliation agreement for the  
44 purpose of providing enrollment preferences.

1 (d) The applicant's charter management organization has multiple  
2 charter holders serving varied grade configurations on one physical site or  
3 nearby sites serving one community.

4 (e) It is reconstituting an existing school site population at the  
5 same or new site.

6 (f) It is reconstituting an existing grade configuration from a prior  
7 charter holder with at least one grade remaining on the original site with  
8 the other grade or grades moving to a new site.

9 The state board of education or the state board for charter schools may  
10 approve any charter schools transferring charters. The state board of  
11 education and the state board for charter schools shall approve any charter  
12 schools transferring charters from a school district that is determined to be  
13 out of compliance with the uniform system of financial records pursuant to  
14 this section, but may require the charter school to sign a new charter that  
15 is equivalent to the charter awarded by the former sponsor. If the state  
16 board of education or the state board for charter schools rejects the  
17 preliminary application, the state board of education or the state board for  
18 charter schools shall notify the applicant in writing of the reasons for the  
19 rejection and of suggestions for improving the application. An applicant may  
20 submit a revised application for reconsideration by the state board of  
21 education or the state board for charter schools. The applicant may request,  
22 and the state board of education or the state board for charter schools may  
23 provide, technical assistance to improve the application.

24 3. The applicant may submit the application to a university under the  
25 jurisdiction of the Arizona board of regents, a community college district or  
26 a group of community college districts. **A UNIVERSITY, A COMMUNITY COLLEGE  
27 DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS SHALL NOT GRANT A CHARTER  
28 TO A SCHOOL DISTRICT GOVERNING BOARD FOR A NEW CHARTER SCHOOL THAT BEGINS  
29 INITIAL OPERATIONS AFTER JUNE 30, 2013 OR FOR THE CONVERSION OF AN EXISTING  
30 DISTRICT PUBLIC SCHOOL TO A CHARTER SCHOOL THAT BEGINS INITIAL OPERATIONS  
31 AFTER JUNE 30, 2013.** A university, a community college district or a group  
32 of community college districts may approve the application if it meets the  
33 requirements of this article and if the proposed sponsor determines, in its  
34 sole discretion, that the applicant is sufficiently qualified to operate a  
35 charter school.

36 4. Each applicant seeking to establish a charter school shall submit a  
37 full set of fingerprints to the approving agency for the purpose of obtaining  
38 a state and federal criminal records check pursuant to section 41-1750 and  
39 Public Law 92-544. If an applicant will have direct contact with students,  
40 the applicant shall possess a valid fingerprint clearance card that is issued  
41 pursuant to title 41, chapter 12, article 3.1. The department of public  
42 safety may exchange this fingerprint data with the federal bureau of  
43 investigation. The criminal records check shall be completed before the  
44 issuance of a charter.

45 5. All persons engaged in instructional work directly as a classroom,  
46 laboratory or other teacher or indirectly as a supervisory teacher, speech

1 therapist or principal shall have a valid fingerprint clearance card that is  
2 issued pursuant to title 41, chapter 12, article 3.1, unless the person is a  
3 volunteer or guest speaker who is accompanied in the classroom by a person  
4 with a valid fingerprint clearance card. A charter school shall not employ a  
5 teacher whose certificate has been surrendered or revoked, unless the  
6 teacher's certificate has been subsequently reinstated by the state board of  
7 education. All other personnel shall be fingerprint checked pursuant to  
8 section 15-512. Before employment, the charter school shall make documented,  
9 good faith efforts to contact previous employers of a person to obtain  
10 information and recommendations that may be relevant to a person's fitness  
11 for employment as prescribed in section 15-512, subsection F. The charter  
12 school shall notify the department of public safety if the charter school or  
13 sponsor receives credible evidence that a person who possesses a valid  
14 fingerprint clearance card is arrested for or is charged with an offense  
15 listed in section 41-1758.03, subsection B. Charter schools may hire  
16 personnel that have not yet received a fingerprint clearance card if proof is  
17 provided of the submission of an application to the department of public  
18 safety for a fingerprint clearance card and if the charter school that is  
19 seeking to hire the applicant does all of the following:

20 (a) Documents in the applicant's file the necessity for hiring and  
21 placement of the applicant before receiving a fingerprint clearance card.

22 (b) Ensures that the department of public safety completes a statewide  
23 criminal records check on the applicant. A statewide criminal records check  
24 shall be completed by the department of public safety every one hundred  
25 twenty days until the date that the fingerprint check is completed.

26 (c) Obtains references from the applicant's current employer and the  
27 two most recent previous employers except for applicants who have been  
28 employed for at least five years by the applicant's most recent employer.

29 (d) Provides general supervision of the applicant until the date that  
30 the fingerprint card is obtained.

31 (e) Completes a search of criminal records in all local jurisdictions  
32 outside of this state in which the applicant has lived in the previous five  
33 years.

34 (f) Verifies the fingerprint status of the applicant with the  
35 department of public safety.

36 6. A charter school that complies with the fingerprinting requirements  
37 of this section shall be deemed to have complied with section 15-512 and is  
38 entitled to the same rights and protections provided to school districts by  
39 section 15-512.

1           7. If a charter school operator is not already subject to a public  
2 meeting or hearing by the municipality in which the charter school is  
3 located, the operator of a charter school shall conduct a public meeting at  
4 least thirty days before the charter school operator opens a site or sites  
5 for the charter school. The charter school operator shall post notices of  
6 the public meeting in at least three different locations that are within  
7 three hundred feet of the proposed charter school site.

8           8. A person who is employed by a charter school or who is an applicant  
9 for employment with a charter school, who is arrested for or charged with a  
10 nonappealable offense listed in section 41-1758.03, subsection B and who does  
11 not immediately report the arrest or charge to the person's supervisor or  
12 potential employer is guilty of unprofessional conduct and the person shall  
13 be immediately dismissed from employment with the charter school or  
14 immediately excluded from potential employment with the charter school.

15           9. A person who is employed by a charter school and who is convicted  
16 of any nonappealable offense listed in section 41-1758.03, subsection B or is  
17 convicted of any nonappealable offense that amounts to unprofessional conduct  
18 under section 15-550 shall immediately do all of the following:

19           (a) Surrender any certificates issued by the department of education.

20           (b) Notify the person's employer or potential employer of the  
21 conviction.

22           (c) Notify the department of public safety of the conviction.

23           (d) Surrender the person's fingerprint clearance card.

24           D. An entity that is authorized to sponsor charter schools pursuant to  
25 this article has no legal authority over or responsibility for a charter  
26 school sponsored by a different entity. This subsection does not apply to  
27 the state board of education's duty to exercise general supervision over the  
28 public school system pursuant to section 15-203, subsection A, paragraph 1.

29           E. The charter of a charter school shall do all of the following:

30           1. Ensure compliance with federal, state and local rules, regulations  
31 and statutes relating to health, safety, civil rights and insurance. The  
32 department of education shall publish a list of relevant rules, regulations  
33 and statutes to notify charter schools of their responsibilities under this  
34 paragraph.

35           2. Ensure that it is nonsectarian in its programs, admission policies  
36 and employment practices and all other operations.

37           3. Ensure that it provides a comprehensive program of instruction for  
38 at least a kindergarten program or any grade between grades one and twelve,  
39 except that a school may offer this curriculum with an emphasis on a specific  
40 learning philosophy or style or certain subject areas such as mathematics,  
41 science, fine arts, performance arts or foreign language.

42           4. Ensure that it designs a method to measure pupil progress toward  
43 the pupil outcomes adopted by the state board of education pursuant to  
44 section 15-741.01, including participation in the Arizona instrument to  
45 measure standards test and the nationally standardized norm-referenced  
46 achievement test as designated by the state board and the completion and

1 distribution of an annual report card as prescribed in chapter 7, article 3  
2 of this title.

3 5. Ensure that, except as provided in this article and in its charter,  
4 it is exempt from all statutes and rules relating to schools, governing  
5 boards and school districts.

6 6. Ensure that, except as provided in this article, it is subject to  
7 the same financial and electronic data submission requirements as a school  
8 district, including the uniform system of financial records as prescribed in  
9 chapter 2, article 4 of this title, procurement rules as prescribed in  
10 section 15-213 and audit requirements. The auditor general shall conduct a  
11 comprehensive review and revision of the uniform system of financial records  
12 to ensure that the provisions of the uniform system of financial records that  
13 relate to charter schools are in accordance with commonly accepted accounting  
14 principles used by private business. A school's charter may include  
15 exceptions to the requirements of this paragraph that are necessary as  
16 determined by the district governing board, the state board of education or  
17 the state board for charter schools. The department of education or the  
18 office of the auditor general may conduct financial, program or compliance  
19 audits.

20 7. Ensure compliance with all federal and state laws relating to the  
21 education of children with disabilities in the same manner as a school  
22 district.

23 8. Ensure that it provides for a governing body for the charter school  
24 that is responsible for the policy decisions of the charter school.  
25 Notwithstanding section 1-216, if there is a vacancy or vacancies on the  
26 governing body, a majority of the remaining members of the governing body  
27 constitute a quorum for the transaction of business, unless that quorum is  
28 prohibited by the charter school's operating agreement.

29 9. Ensure that it provides a minimum of one hundred eighty  
30 instructional days before June 30 of each fiscal year unless it is operating  
31 on an alternative calendar approved by its sponsor. The superintendent of  
32 public instruction shall adjust the apportionment schedule accordingly to  
33 accommodate a charter school utilizing an alternative calendar.

34 F. A charter school shall keep on file the resumes of all current and  
35 former employees who provide instruction to pupils at the charter school.  
36 Resumes shall include an individual's educational and teaching background and  
37 experience in a particular academic content subject area. A charter school  
38 shall inform parents and guardians of the availability of the resume  
39 information and shall make the resume information available for inspection on  
40 request of parents and guardians of pupils enrolled at the charter school.  
41 This subsection does not require any charter school to release personally  
42 identifiable information in relation to any teacher or employee, including  
43 the teacher's or employee's address, salary, social security number or  
44 telephone number.

45 G. The charter of a charter school may be amended at the request of  
46 the governing body of the charter school and on the approval of the sponsor.

1 H. Charter schools may contract, sue and be sued.

2 I. The charter is effective for fifteen years from the first day of  
3 the fiscal year as specified in the charter, subject to the following:

4 1. At least eighteen months before the expiration of the charter, the  
5 sponsor shall notify the charter school that the charter school may apply for  
6 renewal and shall make the renewal application available to the charter  
7 school. A charter school that elects to apply for renewal shall file a  
8 complete renewal application at least fifteen months before the expiration of  
9 the charter. A sponsor shall give written notice of its intent not to renew  
10 the charter school's request for renewal to the charter school at least  
11 twelve months before the expiration of the charter. The sponsor shall make  
12 data used in making renewal decisions available to the school and the public  
13 and shall provide a public report summarizing the evidence basis for each  
14 decision. The sponsor may deny the request for renewal if, in its judgment,  
15 the charter holder has failed to do any of the following:

16 (a) Meet or make sufficient progress toward the academic performance  
17 expectations set forth in the performance framework.

18 (b) Meet the operational performance expectations set forth in the  
19 performance framework or any improvement plans.

20 (c) Complete the obligations of the contract.

21 (d) Comply with this article or any provision of law from which the  
22 charter school is not exempt.

23 2. A charter operator may apply for early renewal. At least nine  
24 months before the charter school's intended renewal consideration, the  
25 operator of the charter school shall submit a letter of intent to the sponsor  
26 to apply for early renewal. The sponsor shall review fiscal audits and  
27 academic performance data for the charter school that are annually collected  
28 by the sponsor, review the current contract between the sponsor and the  
29 charter school and provide the qualifying charter school with a renewal  
30 application. On submission of a complete application, the sponsor shall give  
31 written notice of its consideration of the renewal application. The sponsor  
32 may deny the request for early renewal if, in the sponsor's judgment, the  
33 charter holder has failed to do any of the following:

34 (a) Meet or make sufficient progress toward the academic performance  
35 expectations set forth in the performance framework.

36 (b) Meet the operational performance expectations set forth in the  
37 performance framework or any improvement plans.

38 (c) Complete the obligations of the contract.

39 (d) Comply with this article or any provision of law from which the  
40 charter school is not exempt.

41 3. A sponsor shall review a charter at five-year intervals using a  
42 performance framework adopted by the sponsor and may revoke a charter at any  
43 time if the charter school breaches one or more provisions of its charter or  
44 if the sponsor determines that the charter holder has failed to do any of the  
45 following:

1 (a) Meet or make sufficient progress toward the academic performance  
2 expectations set forth in the performance framework.

3 (b) Meet the operational performance expectations set forth in the  
4 performance framework or any improvement plans.

5 (c) Comply with this article or any provision of law from which the  
6 charter school is not exempt.

7 4. At least sixty days before the effective date of the proposed  
8 revocation, the sponsor shall give written notice to the operator of the  
9 charter school of its intent to revoke the charter. Notice of the sponsor's  
10 intent to revoke the charter shall be delivered personally to the operator of  
11 the charter school or sent by certified mail, return receipt requested, to  
12 the address of the charter school. The notice shall incorporate a statement  
13 of reasons for the proposed revocation of the charter. The sponsor shall  
14 allow the charter school at least sixty days to correct the problems  
15 associated with the reasons for the proposed revocation of the charter. The  
16 final determination of whether to revoke the charter shall be made at a  
17 public hearing called for such purpose.

18 J. The charter may be renewed for successive periods of twenty years.

19 K. A charter school that is sponsored by the state board of education,  
20 the state board for charter schools, a university, a community college  
21 district or a group of community college districts may not be located on the  
22 property of a school district unless the district governing board grants this  
23 authority.

24 L. A governing board or a school district employee who has control  
25 over personnel actions shall not take unlawful reprisal against another  
26 employee of the school district because the employee is directly or  
27 indirectly involved in an application to establish a charter school. A  
28 governing board or a school district employee shall not take unlawful  
29 reprisal against an educational program of the school or the school district  
30 because an application to establish a charter school proposes the conversion  
31 of all or a portion of the educational program to a charter school. For the  
32 purposes of this subsection, "unlawful reprisal" means an action that is  
33 taken by a governing board or a school district employee as a direct result  
34 of a lawful application to establish a charter school and that is adverse to  
35 another employee or an education program and:

36 1. With respect to a school district employee, results in one or more  
37 of the following:

38 (a) Disciplinary or corrective action.

39 (b) Detail, transfer or reassignment.

40 (c) Suspension, demotion or dismissal.

41 (d) An unfavorable performance evaluation.

42 (e) A reduction in pay, benefits or awards.

43 (f) Elimination of the employee's position without a reduction in  
44 force by reason of lack of monies or work.

45 (g) Other significant changes in duties or responsibilities that are  
46 inconsistent with the employee's salary or employment classification.

1           2. With respect to an educational program, results in one or more of  
2 the following:

3           (a) Suspension or termination of the program.

4           (b) Transfer or reassignment of the program to a less favorable  
5 department.

6           (c) Relocation of the program to a less favorable site within the  
7 school or school district.

8           (d) Significant reduction or termination of funding for the program.

9           M. Charter schools shall secure insurance for liability and property  
10 loss. The governing body of a charter school that is sponsored by the state  
11 board of education or the state board for charter schools may enter into an  
12 intergovernmental agreement or otherwise contract to participate in an  
13 insurance program offered by a risk retention pool established pursuant to  
14 section 11-952.01 or 41-621.01 or the charter school may secure its own  
15 insurance coverage. The pool may charge the requesting charter school  
16 reasonable fees for any services it performs in connection with the insurance  
17 program.

18           N. Charter schools do not have the authority to acquire property by  
19 eminent domain.

20           O. A sponsor, including members, officers and employees of the  
21 sponsor, is immune from personal liability for all acts done and actions  
22 taken in good faith within the scope of its authority.

23           P. Charter school sponsors and this state are not liable for the debts  
24 or financial obligations of a charter school or persons who operate charter  
25 schools.

26           Q. The sponsor of a charter school shall establish procedures to  
27 conduct administrative hearings on determination by the sponsor that grounds  
28 exist to revoke a charter. Procedures for administrative hearings shall be  
29 similar to procedures prescribed for adjudicative proceedings in title 41,  
30 chapter 6, article 10. Except as provided in section 41-1092.08, subsection  
31 H, final decisions of the state board of education and the state board for  
32 charter schools from hearings conducted pursuant to this subsection are  
33 subject to judicial review pursuant to title 12, chapter 7, article 6.

34           R. The sponsoring entity of a charter school shall have oversight and  
35 administrative responsibility for the charter schools that it sponsors. In  
36 implementing its oversight and administrative responsibilities, the sponsor  
37 shall ground its actions in evidence of the charter holder's performance in  
38 accordance with the performance framework adopted by the sponsor. The  
39 performance framework shall be publicly available, shall be placed on the  
40 sponsoring entity's website and shall include:

41           1. The academic performance expectations of the charter school and the  
42 measurement of sufficient progress toward the academic performance  
43 expectations.

44           2. The operational expectations of the charter school, including  
45 adherence to all applicable laws and obligations of the charter contract.

46           3. Intervention and improvement policies.

1           S. Charter schools may pledge, assign or encumber their assets to be  
2 used as collateral for loans or extensions of credit.

3           T. All property accumulated by a charter school shall remain the  
4 property of the charter school.

5           U. Charter schools may not locate a school on property that is less  
6 than one-fourth mile from agricultural land regulated pursuant to section  
7 3-365, except that the owner of the agricultural land may agree to comply  
8 with the buffer zone requirements of section 3-365. If the owner agrees in  
9 writing to comply with the buffer zone requirements and records the agreement  
10 in the office of the county recorder as a restrictive covenant running with  
11 the title to the land, the charter school may locate a school within the  
12 affected buffer zone. The agreement may include any stipulations regarding  
13 the charter school, including conditions for future expansion of the school  
14 and changes in the operational status of the school that will result in a  
15 breach of the agreement.

16           V. A transfer of a charter to another sponsor, a transfer of a charter  
17 school site to another sponsor or a transfer of a charter school site to a  
18 different charter shall be completed before the beginning of the fiscal year  
19 that the transfer is scheduled to become effective. An entity that sponsors  
20 charter schools may accept a transferring school after the beginning of the  
21 fiscal year if the transfer is approved by the superintendent of public  
22 instruction. The superintendent of public instruction shall have the  
23 discretion to consider each transfer during the fiscal year on a case by case  
24 basis. If a charter school is sponsored by a school district that is  
25 determined to be out of compliance with this title, the uniform system of  
26 financial records or any other state or federal law, the charter school may  
27 transfer to another sponsoring entity at any time during the fiscal year. A  
28 charter holder seeking to transfer sponsors shall comply with the current  
29 charter terms regarding assignment of the charter. A charter holder  
30 transferring sponsors shall notify the current sponsor that the transfer has  
31 been approved by the new sponsor.

32           W. Notwithstanding subsection V of this section, a charter holder on  
33 an improvement plan must notify parents or guardians of registered students  
34 of the intent to transfer the charter and the timing of the proposed  
35 transfer. On the approved transfer, the new sponsor shall enforce the  
36 improvement plan but may modify the plan based on performance.

1 X. Notwithstanding subsection Y of this section, the state board for  
2 charter schools shall charge a processing fee to any charter school that  
3 amends its contract to participate in Arizona online instruction pursuant to  
4 section 15-808. The charter Arizona online instruction processing fund is  
5 established consisting of fees collected and administered by the state board  
6 for charter schools. The state board for charter schools shall use monies in  
7 the fund only for the processing of contract amendments for charter schools  
8 participating in Arizona online instruction. Monies in the fund are  
9 continuously appropriated.

10 Y. The sponsoring entity may not charge any fees to a charter school  
11 that it sponsors unless the sponsor has provided services to the charter  
12 school and the fees represent the full value of those services provided by  
13 the sponsor. On request, the value of the services provided by the sponsor  
14 to the charter school shall be demonstrated to the department of education.

15 Z. Charter schools may enter into an intergovernmental agreement with  
16 a presiding judge of the juvenile court to implement a law related education  
17 program as defined in section 15-154. The presiding judge of the juvenile  
18 court may assign juvenile probation officers to participate in a law related  
19 education program in any charter school in the county. The cost of juvenile  
20 probation officers who participate in the program implemented pursuant to  
21 this subsection shall be funded by the charter school.

22 AA. The sponsor of a charter school shall modify previously approved  
23 curriculum requirements for a charter school that wishes to participate in  
24 the board examination system prescribed in chapter 7, article 6 of this  
25 title.

26 BB. If a charter school decides not to participate in the board  
27 examination system prescribed in chapter 7, article 6 of this title, pupils  
28 enrolled at that charter school may earn a Grand Canyon diploma by obtaining  
29 a passing score on the same board examinations.

30 CC. Notwithstanding subsection Y of this section, a sponsor of charter  
31 schools may charge a new charter application processing fee to any applicant.  
32 The application fee shall fully cover the cost of application review and any  
33 needed technical assistance. Authorizers may approve policies that allow a  
34 portion of the fee to be returned to the applicant whose charter is approved.

35 DD. A charter school may choose to provide a preschool program for  
36 children with disabilities pursuant to section 15-771.

37 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:  
38 15-185. Charter schools; financing; civil penalty;  
39 transportation; definitions

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

42 1. The charter school shall be included in the district's budget and  
43 financial assistance calculations pursuant to paragraph 3 of this subsection  
44 and chapter 9 of this title, except for chapter 9, article 4 of this title.  
45 The charter of the charter school shall include a description of the methods  
46 of funding the charter school by the school district. The school district

1 shall send a copy of the charter and application, including a description of  
2 how the school district plans to fund the school, to the state board of  
3 education before the start of the first fiscal year of operation of the  
4 charter school. The charter or application shall include an estimate of the  
5 student count for the charter school for its first fiscal year of operation.  
6 This estimate shall be computed pursuant to the requirements of paragraph 3  
7 of this subsection.

8 2. A school district is not financially responsible for any charter  
9 school that is sponsored by the state board of education, the state board for  
10 charter schools, a university under the jurisdiction of the Arizona board of  
11 regents, a community college district or a group of community college  
12 districts.

13 3. A school district that sponsors a charter school may:

14 (a) Increase its student count as provided in subsection B, paragraph  
15 2 of this section during the first year of the charter school's operation to  
16 include those charter school pupils who were not previously enrolled in the  
17 school district. A charter school sponsored by a school district governing  
18 board is eligible for the charter additional assistance prescribed in  
19 subsection B, paragraph 4 of this section. The district additional  
20 assistance allocation as provided in section 15-961 for the school district  
21 sponsoring the charter school shall be increased by the amount of the charter  
22 additional assistance. The school district shall include the full amount of  
23 the charter additional assistance in the funding provided to the charter  
24 school.

25 (b) Compute separate weighted student counts pursuant to section  
26 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
27 school pupils in order to maintain eligibility for small school district  
28 support level weights authorized in section 15-943, paragraph 1 for its  
29 noncharter school pupils only. The portion of a district's student count  
30 that is attributable to charter school pupils is not eligible for small  
31 school district support level weights.

32 4. If a school district uses the provisions of paragraph 3 of this  
33 subsection, the school district is not eligible to include those pupils in  
34 its student count for the purposes of computing an increase in its revenue  
35 control limit and district support level as provided in section 15-948.

36 5. A school district that sponsors a charter school is not eligible to  
37 include the charter school pupils in its student count for the purpose of  
38 computing an increase in its district additional assistance as provided in  
39 section 15-961, subsection B, except that if the charter school was  
40 previously a school in the district, the district may include in its student  
41 count any charter school pupils who were enrolled in the school district in  
42 the prior year.

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

6           7. If a school district converts one or more of its district public  
7 schools to a charter school and receives assistance as prescribed in  
8 subsection B, paragraph 4 of this section, and subsequently converts the  
9 charter school back to a district public school, the school district shall  
10 repay the state the total charter additional assistance received for the  
11 charter school for all years that the charter school was in operation. The  
12 repayment shall be in one lump sum and shall be reduced from the school  
13 district's current year equalization assistance. The school district's  
14 general budget limit shall be reduced by the same lump sum amount in the  
15 current year.

16           B. Financial provisions for a charter school that is sponsored by the  
17 state board of education, the state board for charter schools, a university,  
18 a community college district or a group of community college districts are as  
19 follows:

20           1. The charter school shall calculate a base support level as  
21 prescribed in section 15-943, except that section 15-941 does not apply to  
22 these charter schools.

23           2. Notwithstanding paragraph 1 of this subsection, the student count  
24 shall be determined initially using an estimated student count based on  
25 actual registration of pupils before the beginning of the school year. After  
26 the first one hundred days or two hundred days in session, as applicable, the  
27 charter school shall revise the student count to be equal to the actual  
28 average daily membership, as defined in section 15-901, of the charter  
29 school. Before the one hundredth day or two hundredth day in session, as  
30 applicable, the state board of education, the state board for charter  
31 schools, the sponsoring university, the sponsoring community college district  
32 or the sponsoring group of community college districts may require a charter  
33 school to report periodically regarding pupil enrollment and attendance, and  
34 the department of education may revise its computation of equalization  
35 assistance based on the report. A charter school shall revise its student  
36 count, base support level and charter additional assistance before May 15. A  
37 charter school that overestimated its student count shall revise its budget  
38 before May 15. A charter school that underestimated its student count may  
39 revise its budget before May 15.

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

43           4. Equalization assistance for the charter school shall be determined  
44 by adding the amount of the base support level and charter additional  
45 assistance. The amount of the charter additional assistance is one thousand  
46 ~~six~~ SEVEN hundred ~~eighty-four~~ SEVEN dollars ~~nineteen~~ SEVENTY-SEVEN cents per

1 student count in preschool programs for children with disabilities,  
2 kindergarten programs and grades one through eight and one thousand nine  
3 hundred ~~sixty-two~~ NINETY dollars ~~ninety~~ THIRTY-EIGHT cents per student count  
4 in grades nine through twelve.

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

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

14 7. Not later than noon on the day preceding each apportionment date  
15 established by paragraph 5 of this subsection, the superintendent of public  
16 instruction shall furnish to the state treasurer an abstract of the  
17 apportionment and shall certify the apportionment to the department of  
18 administration, which shall draw its warrant in favor of the charter schools  
19 for the amount apportioned.

20 C. If a pupil is enrolled in both a charter school and a public school  
21 that is not a charter school, the sum of the daily membership, which includes  
22 enrollment as prescribed in section 15-901, subsection A, paragraph 1,  
23 subdivisions (a) and (b) and daily attendance as prescribed in section  
24 15-901, subsection A, paragraph 5, for that pupil in the school district and  
25 the charter school shall not exceed 1.0. If a pupil is enrolled in both a  
26 charter school and a public school that is not a charter school, the  
27 department of education shall direct the average daily membership to the  
28 school with the most recent enrollment date. On validation of actual  
29 enrollment in both a charter school and a public school that is not a charter  
30 school and if the sum of the daily membership or daily attendance for that  
31 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be  
32 apportioned between the public school and the charter school based on the  
33 percentage of total time that the pupil is enrolled or in attendance in the  
34 public school and the charter school. The uniform system of financial  
35 records shall include guidelines for the apportionment of the pupil  
36 enrollment and attendance as provided in this section.

37 D. Charter schools are allowed to accept grants and gifts to  
38 supplement their state funding, but it is not the intent of the charter  
39 school law to require taxpayers to pay twice to educate the same pupils. The  
40 base support level for a charter school or for a school district sponsoring a  
41 charter school shall be reduced by an amount equal to the total amount of  
42 monies received by a charter school from a federal or state agency if the  
43 federal or state monies are intended for the basic maintenance and operations  
44 of the school. The superintendent of public instruction shall estimate the  
45 amount of the reduction for the budget year and shall revise the reduction to  
46 reflect the actual amount before May 15 of the current year. If the

1 reduction results in a negative amount, the negative amount shall be used in  
2 computing all budget limits and equalization assistance, except that:

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

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

8 3. For a charter school sponsored by a school district, the base  
9 support level for the school district shall not be reduced by more than the  
10 amount that the charter school increased the district's base support level  
11 and district additional assistance allocation.

12 E. If a charter school was a district public school in the prior year  
13 and is now being operated for or by the same school district and sponsored by  
14 the state board of education, the state board for charter schools, a  
15 university, a community college district, a group of community college  
16 districts or a school district governing board, the reduction in subsection D  
17 of this section applies. The reduction to the base support level of the  
18 charter school or the sponsoring district of the charter school shall equal  
19 the sum of the base support level and the charter additional assistance  
20 received in the current year for those pupils who were enrolled in the  
21 traditional public school in the prior year and are now enrolled in the  
22 charter school in the current year.

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

26 G. At the request of a charter school, the county school  
27 superintendent of the county where the charter school is located may provide  
28 the same educational services to the charter school as prescribed in section  
29 15-308, subsection A. The county school superintendent may charge a fee to  
30 recover costs for providing educational services to charter schools.

31 H. If the sponsor of the charter school determines at a public meeting  
32 that the charter school is not in compliance with federal law, with the laws  
33 of this state or with its charter, the sponsor of a charter school may submit  
34 a request to the department of education to withhold up to ten per cent of  
35 the monthly apportionment of state aid that would otherwise be due the  
36 charter school. The department of education shall adjust the charter  
37 school's apportionment accordingly. The sponsor shall provide written notice  
38 to the charter school at least seventy-two hours before the meeting and shall  
39 allow the charter school to respond to the allegations of noncompliance at  
40 the meeting before the sponsor makes a final determination to notify the  
41 department of education of noncompliance. The charter school shall submit a  
42 corrective action plan to the sponsor on a date specified by the sponsor at  
43 the meeting. The corrective action plan shall be designed to correct  
44 deficiencies at the charter school and to ensure that the charter school  
45 promptly returns to compliance. When the sponsor determines that the charter

1 school is in compliance, the department of education shall restore the full  
2 amount of state aid payments to the charter school.

3 I. In addition to the withholding of state aid payments pursuant to  
4 subsection H of this section, the sponsor of a charter school may impose a  
5 civil penalty of one thousand dollars per occurrence if a charter school  
6 fails to comply with the fingerprinting requirements prescribed in section  
7 15-183, subsection C or section 15-512. The sponsor of a charter school  
8 shall not impose a civil penalty if it is the first time that a charter  
9 school is out of compliance with the fingerprinting requirements and if the  
10 charter school provides proof within forty-eight hours of written  
11 notification that an application for the appropriate fingerprint check has  
12 been received by the department of public safety. The sponsor of the charter  
13 school shall obtain proof that the charter school has been notified, and the  
14 notification shall identify the date of the deadline and shall be signed by  
15 both parties. The sponsor of a charter school shall automatically impose a  
16 civil penalty of one thousand dollars per occurrence if the sponsor  
17 determines that the charter school subsequently violates the fingerprinting  
18 requirements. Civil penalties pursuant to this subsection shall be assessed  
19 by requesting the department of education to reduce the amount of state aid  
20 that the charter school would otherwise receive by an amount equal to the  
21 civil penalty. The amount of state aid withheld shall revert to the state  
22 general fund at the end of the fiscal year.

23 J. A charter school may receive and spend monies distributed by the  
24 department of education pursuant to section 42-5029, subsection E and section  
25 37-521, subsection B.

26 K. If a school district transports or contracts to transport pupils to  
27 the Arizona state schools for the deaf and the blind during any fiscal year,  
28 the school district may transport or contract with a charter school to  
29 transport sensory impaired pupils during that same fiscal year to a charter  
30 school if requested by the parent of the pupil and if the distance from the  
31 pupil's place of actual residence within the school district to the charter  
32 school is less than the distance from the pupil's place of actual residence  
33 within the school district to the campus of the Arizona state schools for the  
34 deaf and the blind.

35 L. Notwithstanding any other law, a university under the jurisdiction  
36 of the Arizona board of regents, a community college district or a group of  
37 community college districts shall not include any student in the student  
38 count of the university, community college district or group of community  
39 college districts for state funding purposes if that student is enrolled in  
40 and attending a charter school sponsored by the university, community college  
41 district or group of community college districts.

1 M. The governing body of a charter school shall transmit a copy of its  
2 proposed budget or the summary of the proposed budget and a notice of the  
3 public hearing to the department of education for posting on the department  
4 of education's website no later than ten days before the hearing and meeting.  
5 If the charter school maintains a website, the charter school governing body  
6 shall post on its website a copy of its proposed budget or the summary of the  
7 proposed budget and a notice of the public hearing.

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

12 O. If permitted by federal law, a charter school may opt out of  
13 federal grant opportunities if the charter holder or the appropriate  
14 governing body of the charter school determines that the federal requirements  
15 impose unduly burdensome reporting requirements.

16 P. For the purposes of this section:

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

23 2. "Operated for or by the same school district" means the charter  
24 school is either governed by the same district governing board or operated by  
25 the district in the same manner as other traditional schools in the district  
26 or is operated by an independent party that has a contract with the school  
27 district. The auditor general and the department of education shall  
28 determine which charter schools meet the definition in this subsection.

29 Sec. 3. Title 15, chapter 2, article 1, Arizona Revised Statutes, is  
30 amended by adding section 15-216, to read:

31 15-216. K-6 technology-based language development and literacy  
32 intervention pilot program; educational technology  
33 provider; review; reports; fund

34 A. THE STATE BOARD OF EDUCATION SHALL DEVELOP A TWO-YEAR PILOT PROGRAM  
35 FOR K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION. THE  
36 STATE BOARD SHALL DEVELOP APPLICATION PROCEDURES AND SELECTION CRITERIA FOR  
37 SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT VOLUNTARILY DECIDE TO PARTICIPATE  
38 IN THE PILOT PROGRAM.

39 B. THE STATE BOARD SHALL SUBMIT A REQUEST FOR PROPOSALS TO EDUCATIONAL  
40 TECHNOLOGY PROVIDERS FOR THE DELIVERY OF TECHNOLOGY-BASED LANGUAGE  
41 DEVELOPMENT AND LITERACY INTERVENTION SOFTWARE TO BE MADE AVAILABLE TO ALL  
42 PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH SIX WHO ARE ENROLLED  
43 IN SCHOOLS THAT PARTICIPATE IN THE PILOT PROGRAM AND WHO ARE IDENTIFIED AS  
44 ENGLISH LANGUAGE LEARNERS.

45 C. THE STATE BOARD SHALL ESTABLISH THE FORMAT OF THE APPLICATIONS,  
46 APPLICATION PROCEDURES AND SELECTION CRITERIA FOR EDUCATIONAL TECHNOLOGY

1 PROVIDERS THAT WISH TO SUBMIT A PROPOSAL FOR THE DELIVERY OF K-6  
2 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION SOFTWARE TO  
3 BE USED IN THE PILOT PROGRAM. THE STATE BOARD SHALL SELECT AND AWARD A  
4 CONTRACT TO ONE EDUCATIONAL TECHNOLOGY PROVIDER TO DELIVER K-6  
5 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION SOFTWARE  
6 PURSUANT TO THIS SECTION. THE STATE BOARD SHALL DISTRIBUTE MONIES  
7 APPROPRIATED FOR THIS PURPOSE TO THE SELECTED PROVIDER.

8 D. THE K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY  
9 INTERVENTION SOFTWARE FOR ENGLISH LANGUAGE LEARNERS MUST DIFFERENTIATE  
10 INSTRUCTION FOR EACH PUPIL AND MEET ALL OF THE FOLLOWING REQUIREMENTS:

11 1. INCLUDE INSTRUCTION INDIVIDUALIZED TO TEACH EACH PUPIL THE  
12 FOLLOWING FIVE STRANDS OF LITERACY:

- 13 (a) PHONICS.
- 14 (b) PHONEMIC AWARENESS.
- 15 (c) VOCABULARY.
- 16 (d) COMPREHENSION.
- 17 (e) FLUENCY.

18 2. HAVE COMPONENTS THAT ARE CREATED FOR AND ALIGNED TO STATE ACADEMIC  
19 STANDARDS. THE SOFTWARE MUST CORRELATE TO THE ARIZONA ENGLISH LANGUAGE  
20 PROFICIENCY STANDARDS.

21 3. CONTAIN INTERNAL ASSESSMENTS, CHECKPOINTS, TRACKING AND REPORTS FOR  
22 TEACHERS, ADMINISTRATORS AND PARENTS.

23 4. BE USED TO ADDRESS VARIED LEARNER NEEDS AND TO ASSIST TEACHERS IN  
24 TRACKING PUPIL GROWTH TOWARD IMPORTANT CURRICULAR GOALS. THE SOFTWARE MUST  
25 HAVE TOOLS AND OFF-LINE RESOURCES THAT ENABLE TEACHERS TO MORE EFFECTIVELY  
26 MEET THE INDIVIDUAL NEEDS OF EACH PUPIL.

27 5. PROVIDE IMMEDIATE FEEDBACK TO PUPILS AND PROVIDE AUTOMATIC  
28 REMEDIATION WHEN NEEDED. THE SOFTWARE MUST PROVIDE SCAFFOLDING THROUGH  
29 ILLUSTRATIONS, FRONT-LOADED VOCABULARY, AUDIO SUPPORT, INTERACTIVE GLOSSARY  
30 WORDS, INSTRUCTIONAL FEEDBACK, STRATEGIC QUESTIONS AND ADAPTIVE CONTENT THAT  
31 PROVIDES EXTRA PRACTICE AS NEEDED.

32 6. INCLUDE GRADE-APPROPRIATE DIGITAL BOOKS WITH LITERATURE TEXT AND  
33 INFORMATIONAL TEXT. PUPILS MUST BE ABLE TO PRACTICE READING ON THE COMPUTER  
34 BY RECORDING READINGS AND COMPARING THOSE READINGS TO THE READING MODEL.

35 7. PROVIDE IMPLICIT AND EXPLICIT INSTRUCTION. THE SOFTWARE MUST TEACH  
36 THE CORE AREAS OF LISTENING AND READING COMPREHENSION, INCLUDING INTERTEXTUAL  
37 COMPREHENSION.

38 8. TEACH PUPILS ACADEMIC VOCABULARY USING REAL AND VIRTUAL EXPERIENCE  
39 AND VISUALS TO INTRODUCE VOCABULARY. THE VOCABULARY MUST BE RELATED TO CORE  
40 CONTENT AREAS AND PROVIDE ADDITIONAL LANGUAGE DEVELOPMENT ACTIVITIES FOR  
41 THOSE PUPILS REQUIRING THIS ASSISTANCE.

42 9. TEACH BASIC INTERPERSONAL COMMUNICATIVE SKILLS AND COGNITIVE  
43 ACADEMIC LANGUAGE PROFICIENCY AND ASSESS A PUPIL'S UNDERSTANDING OF EACH.

44 E. THE EDUCATIONAL TECHNOLOGY PROVIDER SELECTED PURSUANT TO SUBSECTION  
45 C OF THIS SECTION MUST HAVE EXPERIENCE WITH LARGE STATEWIDE IMPLEMENTATIONS

1 AND THE ABILITY TO SUPPORT A STATEWIDE LEVEL OF IMPLEMENTATION. THE PROVIDER  
2 MUST SUBMIT EVIDENCE OF PUPIL PROGRESS ON AN ANNUAL BASIS.

3 F. THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL ANNUALLY REVIEW THE  
4 RESULTS OF THE DELIVERY OF K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND  
5 LITERACY INTERVENTION FOR ENGLISH LANGUAGE LEARNERS THROUGH SOFTWARE PROVIDED  
6 PURSUANT TO THIS SECTION.

7 G. ON OR BEFORE SEPTEMBER 15, 2015, THE STATE BOARD OF EDUCATION SHALL  
8 SUBMIT A PROGRESS REPORT ON THE PILOT PROGRAM TO THE JOINT LEGISLATIVE BUDGET  
9 COMMITTEE. ON OR BEFORE SEPTEMBER 15, 2016, THE STATE BOARD SHALL SUBMIT A  
10 REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE  
11 HOUSE OF REPRESENTATIVES REGARDING THE PILOT PROGRAM AND DELIVERY OF K-6  
12 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION FOR ENGLISH  
13 LANGUAGE LEARNERS THROUGH SOFTWARE PROVIDED PURSUANT TO THIS SECTION. THE  
14 REPORT MUST INCLUDE A RECOMMENDATION OF WHETHER THE LEGISLATURE SHOULD  
15 CONSIDER EXPANDING THE PILOT PROGRAM AS A PERMANENT STATEWIDE PROGRAM AND  
16 INFORMATION ON THE NUMBER OF SCHOOL DISTRICTS, CHARTER SCHOOLS AND PUPILS WHO  
17 PARTICIPATED IN THE INTERVENTION. THE STATE BOARD SHALL SUBMIT A COPY OF  
18 THIS REPORT TO THE SECRETARY OF STATE.

19 H. THE TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION  
20 FUND IS ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS AND MONIES  
21 TRANSFERRED INTO THE FUND. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE  
22 FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES  
23 IN THE FUND MUST BE USED FOR THE K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT  
24 AND LITERACY INTERVENTION PILOT PROGRAM ESTABLISHED PURSUANT TO THIS SECTION.  
25 MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING  
26 TO LAPSING OF APPROPRIATIONS.

27 Sec. 4. Section 15-901, Arizona Revised Statutes, is amended to read:

28 15-901. Definitions

29 A. In this title, unless the context otherwise requires:

30 1. "Average daily membership" means the total enrollment of fractional  
31 students and full-time students, minus withdrawals, of each school day  
32 through the first one hundred days or two hundred days in session, as  
33 applicable, for the current year. Withdrawals include students formally  
34 withdrawn from schools and students absent for ten consecutive school days,  
35 except for excused absences identified by the department of education. For  
36 the purposes of this section, school districts and charter schools shall  
37 report student absence data to the department of education at least once  
38 every sixty days in session. For computation purposes, the effective date of  
39 withdrawal shall be retroactive to the last day of actual attendance of the  
40 student or excused absence.

1 (a) "Fractional student" means:

2 (i) For common schools, a preschool child who is enrolled in a program  
3 for preschool children with disabilities of at least three hundred sixty  
4 minutes each week or a kindergarten student at least five years of age before  
5 January 1 of the school year and enrolled in a school kindergarten program  
6 that meets at least three hundred fifty-six hours for a one hundred eighty  
7 day school year, or the instructional hours prescribed in this section.  
8 Lunch periods and recess periods may not be included as part of the  
9 instructional hours unless the child's individualized education program  
10 requires instruction during those periods and the specific reasons for such  
11 instruction are fully documented. In computing the average daily membership,  
12 preschool children with disabilities and kindergarten students shall be  
13 counted as one-half of a full-time student. For common schools, a part-time  
14 student is a student enrolled for less than the total time for a full-time  
15 student as defined in this section. A part-time common school student shall  
16 be counted as one-fourth, one-half or three-fourths of a full-time student if  
17 the student is enrolled in an instructional program that is at least  
18 one-fourth, one-half or three-fourths of the time a full-time student is  
19 enrolled as defined in subdivision (b) of this paragraph.

20 (ii) For high schools, a part-time student who is enrolled in less  
21 than four subjects that count toward graduation as defined by the state board  
22 of education, each of which, if taught each school day for the minimum number  
23 of days required in a school year, would meet a minimum of one hundred  
24 twenty-three hours a year, or the equivalent, in a recognized high school.  
25 The average daily membership of a part-time high school student shall be 0.75  
26 if the student is enrolled in an instructional program of three subjects that  
27 meet at least five hundred forty hours for a one hundred eighty day school  
28 year, or the instructional hours prescribed in this section. The average  
29 daily membership of a part-time high school student shall be 0.5 if the  
30 student is enrolled in an instructional program of two subjects that meet at  
31 least three hundred sixty hours for a one hundred eighty day school year, or  
32 the instructional hours prescribed in this section. The average daily  
33 membership of a part-time high school student shall be 0.25 if the student is  
34 enrolled in an instructional program of one subject that meets at least one  
35 hundred eighty hours for a one hundred eighty day school year, or the  
36 instructional hours prescribed in this section.

37 (b) "Full-time student" means:

38 (i) For common schools, a student who is at least six years of age  
39 before January 1 of a school year, who has not graduated from the highest  
40 grade taught in the school district and who is regularly enrolled in a course  
41 of study required by the state board of education. First, second and third  
42 grade students, ungraded students at least six, but under nine, years of age  
43 by September 1 or ungraded group B children with disabilities who are at  
44 least five, but under six, years of age by September 1 must be enrolled in an  
45 instructional program that meets for a total of at least seven hundred twelve  
46 hours for a one hundred eighty day school year, or the instructional hours

1 prescribed in this section. Fourth, fifth and sixth grade students or  
2 ungraded students at least nine, but under twelve, years of age by September  
3 1 must be enrolled in an instructional program that meets for a total of at  
4 least eight hundred ninety hours for a one hundred eighty day school year, or  
5 the instructional hours prescribed in this section. Seventh and eighth grade  
6 students or ungraded students at least twelve, but under fourteen, years of  
7 age by September 1 must be enrolled in an instructional program that meets  
8 for at least one thousand hours. Lunch periods and recess periods may not be  
9 included as part of the instructional hours unless the student is a child  
10 with a disability and the child's individualized education program requires  
11 instruction during those periods and the specific reasons for such  
12 instruction are fully documented.

13 (ii) For high schools, a student not graduated from the highest grade  
14 taught in the school district, or an ungraded student at least fourteen years  
15 of age by September 1, and enrolled in at least an instructional program of  
16 four or more subjects that count toward graduation as defined by the state  
17 board of education, each of which, if taught each school day for the minimum  
18 number of days required in a school year, would meet a minimum of one hundred  
19 twenty-three hours a year, or the equivalent, that meets for a total of at  
20 least seven hundred twenty hours for a one hundred eighty day school year, or  
21 the instructional hours prescribed in this section in a recognized high  
22 school. A full-time student shall not be counted more than once for  
23 computation of average daily membership. The average daily membership of a  
24 full-time high school student shall be 1.0 if the student is enrolled in at  
25 least four subjects that meet at least seven hundred twenty hours for a one  
26 hundred eighty day school year, or the equivalent instructional hours  
27 prescribed in this section.

28 (iii) If a child who has not reached five years of age before  
29 September 1 of the current school year is admitted to kindergarten and  
30 repeats kindergarten in the following school year, a school district or  
31 charter school is not eligible to receive basic state aid on behalf of that  
32 child during the child's second year of kindergarten. If a child who has not  
33 reached five years of age before September 1 of the current school year is  
34 admitted to kindergarten but does not remain enrolled, a school district or  
35 charter school may receive a portion of basic state aid on behalf of that  
36 child in the subsequent year. A school district or charter school may charge  
37 tuition for any child who is ineligible for basic state aid pursuant to this  
38 item.

39 (iv) Except as otherwise provided by law, for a full-time high school  
40 student who is concurrently enrolled in two school districts or two charter  
41 schools, the average daily membership shall not exceed 1.0.

42 (v) Except as otherwise provided by law, for any student who is  
43 concurrently enrolled in a school district and a charter school, the average  
44 daily membership shall be apportioned between the school district and the  
45 charter school and shall not exceed 1.0. The apportionment shall be based on

1 the percentage of total time that the student is enrolled in or in attendance  
2 at the school district and the charter school.

3 (vi) Except as otherwise provided by law, for any student who is  
4 concurrently enrolled, pursuant to section 15-808, in a school district and  
5 Arizona online instruction or a charter school and Arizona online  
6 instruction, the average daily membership shall be apportioned between the  
7 school district and Arizona online instruction or the charter school and  
8 Arizona online instruction and shall not exceed 1.0. The apportionment shall  
9 be based on the percentage of total time that the student is enrolled in or  
10 in attendance at the school district and Arizona online instruction or the  
11 charter school and Arizona online instruction.

12 (vii) For homebound or hospitalized, a student receiving at least four  
13 hours of instruction per week.

14 2. "Budget year" means the fiscal year for which the school district  
15 is budgeting and that immediately follows the current year.

16 3. "Common school district" means a political subdivision of this  
17 state offering instruction to students in programs for preschool children  
18 with disabilities and kindergarten programs and either:

19 (a) Grades one through eight.

20 (b) Grades one through nine pursuant to section 15-447.01.

21 4. "Current year" means the fiscal year in which a school district is  
22 operating.

23 5. "Daily attendance" means:

24 (a) For common schools, days in which a pupil:

25 (i) Of a kindergarten program or ungraded, but not group B children  
26 with disabilities, and at least five, but under six, years of age by  
27 September 1 attends at least three-quarters of the instructional time  
28 scheduled for the day. If the total instruction time scheduled for the year  
29 is at least three hundred fifty-six hours but is less than seven hundred  
30 twelve hours, such attendance shall be counted as one-half day of attendance.  
31 If the instructional time scheduled for the year is at least six hundred  
32 ninety-two hours, "daily attendance" means days in which a pupil attends at  
33 least one-half of the instructional time scheduled for the day. Such  
34 attendance shall be counted as one-half day of attendance.

35 (ii) Of the first, second or third grades, ungraded and at least six,  
36 but under nine, years of age by September 1 or ungraded group B children with  
37 disabilities and at least five, but under six, years of age by September 1  
38 attends more than three-quarters of the instructional time scheduled for the  
39 day.

40 (iii) Of the fourth, fifth or sixth grades or ungraded and at least  
41 nine, but under twelve, years of age by September 1 attends more than  
42 three-quarters of the instructional time scheduled for the day, except as  
43 provided in section 15-797.

44 (iv) Of the seventh or eighth grades or ungraded and at least twelve,  
45 but under fourteen, years of age by September 1 attends more than

1 three-quarters of the instructional time scheduled for the day, except as  
2 provided in section 15-797.

3 (b) For common schools, the attendance of a pupil at three-quarters or  
4 less of the instructional time scheduled for the day shall be counted as  
5 follows, except as provided in section 15-797 and except that attendance for  
6 a fractional student shall not exceed the pupil's fractional membership:

7 (i) If attendance for all pupils in the school is based on quarter  
8 days, the attendance of a pupil shall be counted as one-fourth of a day's  
9 attendance for each one-fourth of full-time instructional time attended.

10 (ii) If attendance for all pupils in the school is based on half days,  
11 the attendance of at least three-quarters of the instructional time scheduled  
12 for the day shall be counted as a full day's attendance and attendance at a  
13 minimum of one-half but less than three-quarters of the instructional time  
14 scheduled for the day equals one-half day of attendance.

15 (c) For common schools, the attendance of a preschool child with  
16 disabilities shall be counted as one-fourth day's attendance for each  
17 thirty-six minutes of attendance not including lunch periods and recess  
18 periods, except as provided in paragraph 1, subdivision (a), item (i) of this  
19 subsection for children with disabilities up to a maximum of three hundred  
20 sixty minutes each week.

21 (d) For high schools or ungraded schools in which the pupil is at  
22 least fourteen years of age by September 1, the attendance of a pupil shall  
23 not be counted as a full day unless the pupil is actually and physically in  
24 attendance and enrolled in and carrying four subjects, each of which, if  
25 taught each school day for the minimum number of days required in a school  
26 year, would meet a minimum of one hundred twenty-three hours a year, or the  
27 equivalent, that count toward graduation in a recognized high school except  
28 as provided in section 15-797 and subdivision (e) of this paragraph.  
29 Attendance of a pupil carrying less than the load prescribed shall be  
30 prorated.

31 (e) For high schools or ungraded schools in which the pupil is at  
32 least fourteen years of age by September 1, the attendance of a pupil may be  
33 counted as one-fourth of a day's attendance for each sixty minutes of  
34 instructional time in a subject that counts toward graduation, except that  
35 attendance for a pupil shall not exceed the pupil's full or fractional  
36 membership.

37 (f) For homebound or hospitalized, a full day of attendance may be  
38 counted for each day during a week in which the student receives at least  
39 four hours of instruction.

40 (g) For school districts that maintain school for an approved  
41 year-round school year operation, attendance shall be based on a computation,  
42 as prescribed by the superintendent of public instruction, of the one hundred  
43 eighty days' equivalency or two hundred days' equivalency, as applicable, of  
44 instructional time as approved by the superintendent of public instruction  
45 during which each pupil is enrolled.

46 6. "Daily route mileage" means the sum of:

1 (a) The total number of miles driven daily by all buses of a school  
2 district while transporting eligible students from their residence to the  
3 school of attendance and from the school of attendance to their residence on  
4 scheduled routes approved by the superintendent of public instruction.

5 (b) The total number of miles driven daily on routes approved by the  
6 superintendent of public instruction for which a private party, a political  
7 subdivision or a common or a contract carrier is reimbursed for bringing an  
8 eligible student from the place of his residence to a school transportation  
9 pickup point or to the school of attendance and from the school  
10 transportation scheduled return point or from the school of attendance to his  
11 residence. Daily route mileage includes the total number of miles necessary  
12 to drive to transport eligible students from and to their residence as  
13 provided in this paragraph.

14 7. "District support level" means the base support level plus the  
15 transportation support level.

16 8. "Eligible students" means:

17 (a) Students who are transported by or for a school district and who  
18 qualify as full-time students or fractional students, except students for  
19 whom transportation is paid by another school district or a county school  
20 superintendent, and:

21 (i) For common school students, whose place of actual residence within  
22 the school district is more than one mile from the school facility of  
23 attendance or students who are admitted pursuant to section 15-816.01 and who  
24 meet the economic eligibility requirements established under the national  
25 school lunch and child nutrition acts (42 United States Code sections 1751  
26 through 1785) for free or reduced price lunches and whose actual place of  
27 residence outside the school district boundaries is more than one mile from  
28 the school facility of attendance.

29 (ii) For high school students, whose place of actual residence within  
30 the school district is more than one and one-half miles from the school  
31 facility of attendance or students who are admitted pursuant to section  
32 15-816.01 and who meet the economic eligibility requirements established  
33 under the national school lunch and child nutrition acts (42 United States  
34 Code sections 1751 through 1785) for free or reduced price lunches and whose  
35 actual place of residence outside the school district boundaries is more than  
36 one and one-half miles from the school facility of attendance.

37 (b) Kindergarten students, for purposes of computing the number of  
38 eligible students under subdivision (a), item (i) of this paragraph, shall be  
39 counted as full-time students, notwithstanding any other provision of law.

40 (c) Children with disabilities, as defined by section 15-761, who are  
41 transported by or for the school district or who are admitted pursuant to  
42 chapter 8, article 1.1 of this title and who qualify as full-time students or  
43 fractional students regardless of location or residence within the school  
44 district or children with disabilities whose transportation is required by  
45 the pupil's individualized education program.

1 (d) Students whose residence is outside the school district and who  
2 are transported within the school district on the same basis as students who  
3 reside in the school district.

4 9. "Enrolled" or "enrollment" means when a pupil is currently  
5 registered in the school district.

6 10. "GDP price deflator" means the average of the four implicit price  
7 deflators for the gross domestic product reported by the United States  
8 department of commerce for the four quarters of the calendar year.

9 11. "High school district" means a political subdivision of this state  
10 offering instruction to students for grades nine through twelve or that  
11 portion of the budget of a common school district that is allocated to  
12 teaching high school subjects with permission of the state board of  
13 education.

14 12. "Revenue control limit" means the base revenue control limit plus  
15 the transportation revenue control limit.

16 13. "Student count" means average daily membership as prescribed in  
17 this subsection for the fiscal year before the current year, except that for  
18 the purpose of budget preparation student count means average daily  
19 membership as prescribed in this subsection for the current year.

20 14. "Submit electronically" means submitted in a format and in a manner  
21 prescribed by the department of education.

22 15. "Total bus mileage" means the total number of miles driven by all  
23 buses of a school district during the school year.

24 16. "Total students transported" means all eligible students  
25 transported from their place of residence to a school transportation pickup  
26 point or to the school of attendance and from the school of attendance or  
27 from the school transportation scheduled return point to their place of  
28 residence.

29 17. "Unified school district" means a political subdivision of the  
30 state offering instruction to students in programs for preschool children  
31 with disabilities and kindergarten programs and grades one through twelve.

32 B. In this title, unless the context otherwise requires:

33 1. "Base" means the revenue level per student count specified by the  
34 legislature.

35 2. "Base level" means the following amounts plus the percentage  
36 increases to the base level as provided in sections 15-902.04, 15-918.04,  
37 15-919.04 and 15-952, except that if a school district or charter school is  
38 eligible for an increase in the base level as provided in two or more of  
39 these sections, the base level amount shall be calculated by compounding  
40 rather than adding the sum of one plus the percentage of the increase from  
41 those different sections:

42 (a) For fiscal year 2007-2008, three thousand two hundred twenty-six  
43 dollars eighty-eight cents.

44 (b) For fiscal year 2008-2009, three thousand two hundred ninety-one  
45 dollars forty-two cents.

1 (c) For fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013,  
2 three thousand two hundred sixty-seven dollars seventy-two cents.

3 (d) For fiscal year 2013-2014, three thousand three hundred twenty-six  
4 dollars fifty-four cents.

5 (e) FOR FISCAL YEAR 2014-2015, THREE THOUSAND THREE HUNDRED  
6 SEVENTY-THREE DOLLARS ELEVEN CENTS.

7 3. "Base revenue control limit" means the base revenue control limit  
8 computed as provided in section 15-944.

9 4. "Base support level" means the base support level as provided in  
10 section 15-943.

11 5. "Certified teacher" means a person who is certified as a teacher  
12 pursuant to the rules adopted by the state board of education, who renders  
13 direct and personal services to school children in the form of instruction  
14 related to the school district's educational course of study and who is paid  
15 from the maintenance and operation section of the budget.

16 6. "DD" means programs for children with developmental delays who are  
17 at least three years of age but under ten years of age. A preschool child  
18 who is categorized under this paragraph is not eligible to receive funding  
19 pursuant to section 15-943, paragraph 2, subdivision (b).

20 7. "ED, MIID, SLD, SLI and OHI" means programs for children with  
21 emotional disabilities, mild intellectual disabilities, a specific learning  
22 disability, a speech/language impairment and other health impairments. A  
23 preschool child who is categorized as SLI under this paragraph is not  
24 eligible to receive funding pursuant to section 15-943, paragraph 2,  
25 subdivision (b).

26 8. "ED-P" means programs for children with emotional disabilities who  
27 are enrolled in private special education programs as prescribed in section  
28 15-765, subsection D, paragraph 1 or in an intensive school district program  
29 as provided in section 15-765, subsection D, paragraph 2.

30 9. "ELL" means English learners who do not speak English or whose  
31 native language is not English, who are not currently able to perform  
32 ordinary classroom work in English and who are enrolled in an English  
33 language education program pursuant to sections 15-751, 15-752 and 15-753.

34 10. "Full-time equivalent certified teacher" or "FTE certified teacher"  
35 means for a certified teacher the following:

36 (a) If employed full time as defined in section 15-501, 1.00.

37 (b) If employed less than full time, multiply 1.00 by the percentage  
38 of a full school day, or its equivalent, or a full class load, or its  
39 equivalent, for which the teacher is employed as determined by the governing  
40 board.

41 11. "Group A" means educational programs for career exploration, a  
42 specific learning disability, an emotional disability, a mild intellectual  
43 disability, remedial education, a speech/language impairment, developmental  
44 delay, homebound, bilingual, other health impairments and gifted pupils.

45 12. "Group B" means educational improvements for pupils in kindergarten  
46 programs and grades one through three, educational programs for autism, a

1 hearing impairment, a moderate intellectual disability, multiple  
2 disabilities, multiple disabilities with severe sensory impairment,  
3 orthopedic impairments, preschool severe delay, a severe intellectual  
4 disability and emotional disabilities for school age pupils enrolled in  
5 private special education programs or in school district programs for  
6 children with severe disabilities or visual impairment and English learners  
7 enrolled in a program to promote English language proficiency pursuant to  
8 section 15-752.

9 13. "HI" means programs for pupils with hearing impairment.

10 14. "Homebound" or "hospitalized" means a pupil who is capable of  
11 profiting from academic instruction but is unable to attend school due to  
12 illness, disease, accident or other health conditions, who has been examined  
13 by a competent medical doctor and who is certified by that doctor as being  
14 unable to attend regular classes for a period of not less than three school  
15 months or a pupil who is capable of profiting from academic instruction but  
16 is unable to attend school regularly due to chronic or acute health problems,  
17 who has been examined by a competent medical doctor and who is certified by  
18 that doctor as being unable to attend regular classes for intermittent  
19 periods of time totaling three school months during a school year. The  
20 medical certification shall state the general medical condition, such as  
21 illness, disease or chronic health condition, that is the reason that the  
22 pupil is unable to attend school. Homebound or hospitalized includes a  
23 student who is unable to attend school for a period of less than three months  
24 due to a pregnancy if a competent medical doctor, after an examination,  
25 certifies that the student is unable to attend regular classes due to risk to  
26 the pregnancy or to the student's health.

27 15. "K-3" means kindergarten programs and grades one through three.

28 16. "K-3 Reading" means reading programs for pupils in kindergarten  
29 programs and grades one, two and three.

30 17. "MD-R, A-R and SID-R" means resource programs for pupils with  
31 multiple disabilities, autism and severe intellectual disability.

32 18. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils  
33 with multiple disabilities, autism and severe intellectual disability.

34 19. "MD-SSI" means a program for pupils with multiple disabilities with  
35 severe sensory impairment.

36 20. "MOID" means programs for pupils with moderate intellectual  
37 disability.

38 21. "OI-R" means a resource program for pupils with orthopedic  
39 impairments.

40 22. "OI-SC" means a self-contained program for pupils with orthopedic  
41 impairments.

42 23. "PSD" means preschool programs for children with disabilities as  
43 provided in section 15-771.

44 24. "P-SD" means programs for children who meet the definition of  
45 preschool severe delay as provided in section 15-771.

1           25. "Qualifying tax rate" means the qualifying tax rate specified in  
2 section 15-971 applied to the assessed valuation used for primary property  
3 taxes.

4           26. "Small isolated school district" means a school district that meets  
5 all of the following:

6           (a) Has a student count of fewer than six hundred in kindergarten  
7 programs and grades one through eight or grades nine through twelve.

8           (b) Contains no school that is fewer than thirty miles by the most  
9 reasonable route from another school, or, if road conditions and terrain make  
10 the driving slow or hazardous, fifteen miles from another school that teaches  
11 one or more of the same grades and is operated by another school district in  
12 this state.

13           (c) Is designated as a small isolated school district by the  
14 superintendent of public instruction.

15           27. "Small school district" means a school district that meets all of  
16 the following:

17           (a) Has a student count of fewer than six hundred in kindergarten  
18 programs and grades one through eight or grades nine through twelve.

19           (b) Contains at least one school that is fewer than thirty miles by  
20 the most reasonable route from another school that teaches one or more of the  
21 same grades and is operated by another school district in this state.

22           (c) Is designated as a small school district by the superintendent of  
23 public instruction.

24           28. "Transportation revenue control limit" means the transportation  
25 revenue control limit computed as prescribed in section 15-946.

26           29. "Transportation support level" means the support level for pupil  
27 transportation operating expenses as provided in section 15-945.

28           30. "VI" means programs for pupils with visual impairments.

29           31. "Voc. Ed." means career and technical education and vocational  
30 education programs, as defined in section 15-781.

31           Sec. 5. Section 15-917, Arizona Revised Statutes, is amended to read:

32           15-917. Student success fund

33           A. The ~~performance incentive~~ **STUDENT SUCCESS** fund is established  
34 consisting of legislative appropriations ~~for school district and charter~~  
35 ~~holder performance funding~~ **OR OTHER MONIES DESIGNATED FOR STUDENT SUCCESS**  
36 **FUNDING**. The department of education shall administer the fund. Monies in  
37 the fund are exempt from the provisions of section 35-190 relating to lapsing  
38 of appropriations. ~~Beginning in fiscal year 2014-2015, the department of~~  
39 ~~education shall distribute monies in the fund to school districts and charter~~  
40 ~~holders based on achievement and improvement on the assigned achievement~~  
41 ~~profile pursuant to section 15-241.~~

42           B. ~~The performance funding amount shall be budgeted in the separate~~  
43 ~~subsections of the maintenance and operations and capital outlay sections of~~  
44 ~~the budget using forms prescribed by the auditor general in conjunction with~~  
45 ~~the department of education. The unexpended budget balance in the~~  
46 ~~performance funding subsections of the budget may be carried forward to the~~

1 ~~following fiscal years and shall not be included in the allowable budget~~  
2 ~~balance carryforward calculated pursuant to section 15-943.01.~~

3 B. EACH ELIGIBLE SCHOOL DISTRICT AND CHARTER SCHOOL SHALL ESTABLISH A  
4 LOCAL LEVEL STUDENT SUCCESS FUND TO RECEIVE ALLOCATIONS FROM THE STATE LEVEL  
5 STUDENT SUCCESS FUND.

6 ~~C. A school district or charter holder is eligible for monies from the~~  
7 ~~performance incentive fund only if the school district or charter holder was~~  
8 ~~assigned an achievement profile pursuant to section 15-241, subsection H, as~~  
9 ~~developed in accordance with the requirements established in section 15-241,~~  
10 ~~subsection G. School districts or charter holders that are assigned a~~  
11 ~~parallel achievement profile pursuant to section 15-241, subsection J are not~~  
12 ~~eligible for monies from the performance incentive fund.~~

13 Sec. 6. Section 15-945, Arizona Revised Statutes, is amended to read:

14 15-945. Transportation support level

15 A. The support level for to and from school for each school district  
16 for the current year shall be computed as follows:

17 1. Determine the approved daily route mileage of the school district  
18 for the fiscal year prior to the current year.

19 2. Multiply the figure obtained in paragraph 1 of this subsection by  
20 one hundred eighty, or for a school district that elects to provide two  
21 hundred days of instruction pursuant to section 15-902.04, multiply the  
22 figure obtained in paragraph 1 of this subsection by two hundred.

23 3. Determine the number of eligible students transported in the fiscal  
24 year prior to the current year.

25 4. Divide the amount determined in paragraph 1 of this subsection by  
26 the amount determined in paragraph 3 of this subsection to determine the  
27 approved daily route mileage per eligible student transported.

28 5. Determine the classification in column 1 of this paragraph for the  
29 quotient determined in paragraph 4 of this subsection. Multiply the product  
30 obtained in paragraph 2 of this subsection by the corresponding state support  
31 level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route	State Support Level per
Mileage per Eligible	Route Mile for
<u>Student Transported</u>	<u>Fiscal Year <del>2013-2014</del> 2014-2015</u>
0.5 or less	<del>2.46</del> 2.49
More than 0.5 through 1.0	<del>2.01</del> 2.04
More than 1.0	<del>2.46</del> 2.49

39 6. Add the amount spent during the prior fiscal year for bus tokens  
40 and bus passes for students who qualify as eligible students as defined in  
41 section 15-901.

42 B. The support level for academic education, career and technical  
43 education, vocational education and athletic trips for each school district  
44 for the current year is computed as follows:

1           1. Determine the classification in column 1 of paragraph 2 of this  
 2 subsection for the quotient determined in subsection A, paragraph 4 of this  
 3 section.

4           2. Multiply the product obtained in subsection A, paragraph 5 of this  
 5 section by the corresponding state support level for academic education,  
 6 career and technical education, vocational education and athletic trips as  
 7 provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for  
 8 the type of district.

9 <u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
10 Approved Daily Route			
11 Mileage per Eligible	District Type	District Type	District Type
12 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
13 0.5 or less	0.15	0.10	0.25
14 More than 0.5 through 1.0	0.15	0.10	0.25
15 More than 1.0	0.18	0.12	0.30

16 For the purposes of this paragraph, "district type 02" means a unified school  
 17 district or an accommodation school that offers instruction in grades nine  
 18 through twelve, "district type 03" means a common school district not within  
 19 a high school district, "district type 04" means a common school district  
 20 within a high school district or an accommodation school that does not offer  
 21 instruction in grades nine through twelve and "district type 05" means a high  
 22 school district.

23           C. The support level for extended school year services for pupils with  
 24 disabilities is computed as follows:

25           1. Determine the sum of the following:

26           (a) The total number of miles driven by all buses of a school district  
 27 while transporting eligible pupils with disabilities on scheduled routes from  
 28 their residence to the school of attendance and from the school of attendance  
 29 to their residence on routes for extended school year services in accordance  
 30 with section 15-881.

31           (b) The total number of miles driven on routes approved by the  
 32 superintendent of public instruction for which a private party, a political  
 33 subdivision or a common or a contract carrier is reimbursed for bringing an  
 34 eligible pupil with a disability from the place of the pupil's residence to a  
 35 school transportation pickup point or to the school facility of attendance  
 36 and from the school transportation scheduled return point or from the school  
 37 facility to the pupil's residence for extended school year services in  
 38 accordance with section 15-881.

39           2. Multiply the sum determined in paragraph 1 of this subsection by  
 40 the state support level for the district determined as provided in subsection  
 41 A, paragraph 5 of this section.

42           D. The transportation support level for each school district for the  
 43 current year is the sum of the support level for to and from school as  
 44 determined in subsection A of this section, the support level for academic  
 45 education, career and technical education, vocational education and athletic  
 46 trips as determined in subsection B of this section and the support level for

1 extended school year services for pupils with disabilities as determined in  
2 subsection C of this section.

3 E. The state support level for each approved route mile, as provided  
4 in subsection A, paragraph 5 of this section, shall be adjusted by the growth  
5 rate prescribed by law, subject to appropriation.

6 F. School districts must provide the odometer reading for each bus as  
7 of the end of the current year and the total bus mileage during the current  
8 year.

9 Sec. 7. Section 15-2002, Arizona Revised Statutes, is amended to read:  
10 15-2002. Powers and duties; executive director; staffing;  
11 report

12 A. The school facilities board shall:

13 1. Make assessments of school facilities and equipment deficiencies  
14 and approve the distribution of grants as appropriate.

15 2. Inventory and inspect all school buildings in this state in order  
16 to develop a database to administer the building renewal grant fund and new  
17 school facilities formula. The school facilities board shall maintain the  
18 database and ensure that the database is updated on at least an annual basis.  
19 Each school district shall report to the school facilities board no later  
20 than September 1 of each year information as required by the school  
21 facilities board for the administration of the building renewal grant fund  
22 and computation of new school facilities formula distributions. The school  
23 facilities board may review or audit the information, or both, to confirm the  
24 information submitted by a school district.

25 3. Inspect school buildings at least once every five years to ensure  
26 compliance with the building adequacy standards prescribed in section 15-2011  
27 and routine preventative maintenance guidelines as prescribed in this section  
28 with respect to construction of new buildings and maintenance of existing  
29 buildings. The school facilities board shall randomly select twenty school  
30 districts every thirty months and inspect them pursuant to this paragraph.

31 4. Review and approve student population projections submitted by  
32 school districts to determine to what extent school districts are entitled to  
33 monies to construct new facilities pursuant to section 15-2041. The board  
34 shall make a final determination within six months of the receipt of an  
35 application by a school district for monies from the new school facilities  
36 fund.

37 5. Certify that plans for new school facilities meet the building  
38 adequacy standards prescribed in section 15-2011.

39 6. Develop prototypical elementary and high school designs. The board  
40 shall review the design differences between the schools with the highest  
41 academic productivity scores and the schools with the lowest academic  
42 productivity scores. The board shall also review the results of a valid and  
43 reliable survey of parent quality rating in the highest performing schools  
44 and the lowest performing schools in this state. The survey of parent  
45 quality rating shall be administered by the department of education. The  
46 board shall consider the design elements of the schools with the highest

1 academic productivity scores and parent quality ratings in the development of  
2 elementary and high school designs. The board shall develop separate school  
3 designs for elementary, middle and high schools with varying pupil  
4 capacities.

5 7. Develop application forms, reporting forms and procedures to carry  
6 out the requirements of this article.

7 8. Review and approve or reject requests submitted by school districts  
8 to take actions pursuant to section 15-341, subsection G.

9 9. Submit electronically an annual report on or before December 15 to  
10 the speaker of the house of representatives, the president of the senate, the  
11 superintendent of public instruction, the secretary of state and the governor  
12 that includes the following information:

13 (a) A detailed description of the amount of monies distributed by the  
14 school facilities board in the previous fiscal year.

15 (b) A list of each capital project that received monies from the  
16 school facilities board during the previous fiscal year, a brief description  
17 of each project that was funded and a summary of the board's reasons for the  
18 distribution of monies for the project.

19 (c) A summary of the findings and conclusions of the building  
20 maintenance inspections conducted pursuant to this article during the  
21 previous fiscal year.

22 (d) A summary of the findings of common design elements and  
23 characteristics of the highest performing schools and the lowest performing  
24 schools based on academic productivity, including the results of the parent  
25 quality rating survey. For the purposes of this subdivision, "academic  
26 productivity" means academic year advancement per calendar year as measured  
27 with student-level data using the statewide nationally standardized  
28 norm-referenced achievement test.

29 10. On or before December 1 of each year, report electronically to the  
30 joint committee on capital review the amounts necessary to fulfill the  
31 requirements of sections 15-2022 and 15-2041 for the following ~~THREE~~ fiscal  
32 ~~year YEARS and the estimated amounts necessary to fulfill the requirements of~~  
33 ~~sections 15-2022 and 15-2041 for the fiscal year following the next fiscal~~  
34 ~~year.~~ IN DEVELOPING THE AMOUNTS NECESSARY FOR THIS REPORT, THE SCHOOL  
35 FACILITIES BOARD SHALL USE THE MOST RECENT AVERAGE DAILY MEMBERSHIP DATA  
36 AVAILABLE. ON REQUEST FROM THE BOARD, THE DEPARTMENT OF EDUCATION SHALL MAKE  
37 AVAILABLE THE MOST RECENT AVERAGE DAILY MEMBERSHIP DATA FOR USE IN  
38 CALCULATING THE AMOUNTS NECESSARY TO FULFILL THE REQUIREMENTS OF SECTION  
39 15-2041 FOR THE FOLLOWING THREE FISCAL YEARS. The board shall provide copies  
40 of the report to the president of the senate, the speaker of the house of  
41 representatives and the governor.

42 11. Adopt minimum school facility adequacy guidelines to provide the  
43 minimum quality and quantity of school buildings and the facilities and  
44 equipment necessary and appropriate to enable pupils to achieve the  
45 educational goals of the Arizona state schools for the deaf and the blind.  
46 The school facilities board shall establish minimum school facility adequacy

1 guidelines applicable to the Arizona state schools for the deaf and the  
2 blind.

3 12. In each even-numbered year, report electronically to the joint  
4 committee on capital review the amounts necessary to fulfill the requirements  
5 of section 15-2041 for the Arizona state schools for the deaf and the blind  
6 for the following two fiscal years. The Arizona state schools for the deaf  
7 and the blind shall incorporate the findings of the report in any request for  
8 new school facilities monies. Any monies provided to the Arizona state  
9 schools for the deaf and the blind for new school facilities are subject to  
10 legislative appropriation.

11 13. On or before June 15 of each year, submit electronically detailed  
12 information regarding demographic assumptions, a proposed construction  
13 schedule and new school construction cost estimates for individual projects  
14 approved in the current fiscal year and expected project approvals for the  
15 upcoming fiscal year to the joint committee on capital review for its review.  
16 A copy of the report shall also be submitted electronically to the governor's  
17 office of strategic planning and budgeting. The joint legislative budget  
18 committee staff, the governor's office of strategic planning and budgeting  
19 staff and the school facilities board staff shall agree on the format of the  
20 report.

21 14. Every two years, provide school districts with information on  
22 improving and maintaining the indoor environmental quality in school  
23 buildings.

24 B. The school facilities board may contract for the following services  
25 in compliance with the procurement practices prescribed in title 41,  
26 chapter 23:

27 1. Private services.

28 2. Construction project management services.

29 3. Assessments for school buildings to determine if the buildings have  
30 outlived their useful life pursuant to section 15-2041, subsection G.

31 4. Services related to land acquisition and development of a school  
32 site.

33 C. The governor shall appoint an executive director of the school  
34 facilities board pursuant to section 38-211. The executive director is  
35 eligible to receive compensation as determined pursuant to section 38-611 and  
36 may hire and fire necessary staff subject to title 41, chapter 4, article 4  
37 and as approved by the legislature in the budget. The executive director  
38 shall have demonstrated competency in school finance, facilities design or  
39 facilities management, either in private business or government service. The  
40 executive director serves at the pleasure of the governor. The staff of the  
41 school facilities board is exempt from title 41, chapter 4, articles 5 and 6.  
42 The executive director:

43 1. Shall analyze applications for monies submitted to the board by  
44 school districts.

1           2. Shall assist the board in developing forms and procedures for the  
2 distribution and review of applications and the distribution of monies to  
3 school districts.

4           3. May review or audit, or both, the expenditure of monies by a school  
5 district for deficiencies corrections and new school facilities.

6           4. Shall assist the board in the preparation of the board's annual  
7 report.

8           5. Shall research and provide reports on issues of general interest to  
9 the board.

10          6. May aid school districts in the development of reasonable and  
11 cost-effective school designs in order to avoid statewide duplicated efforts  
12 and unwarranted expenditures in the area of school design.

13          7. May assist school districts in facilitating the development of  
14 multijurisdictional facilities.

15          8. Shall assist the board in any other appropriate matter or method as  
16 directed by the members of the board.

17          9. Shall establish procedures to ensure compliance with the notice and  
18 hearing requirements prescribed in section 15-905. The notice and hearing  
19 procedures adopted by the board shall include the requirement, with respect  
20 to the board's consideration of any application filed after July 1, 2001 or  
21 after December 31 of the year in which the property becomes territory in the  
22 vicinity of a military airport or ancillary military facility as defined in  
23 section 28-8461 for monies to fund the construction of new school facilities  
24 proposed to be located in territory in the vicinity of a military airport or  
25 ancillary military facility, that the military airport receive notification  
26 of the application by first class mail at least thirty days before any  
27 hearing concerning the application.

28          10. May expedite any request for monies in which the local match was  
29 not obtained for a project that received preliminary approval by the state  
30 board for school capital facilities.

31          11. Shall expedite any request for monies in which the school district  
32 governing board submits an application that shows an immediate need for a new  
33 school facility.

34          12. Shall make a determination as to administrative completion within  
35 one month after the receipt of an application by a school district for monies  
36 from the new school facilities fund.

37          13. Shall provide technical support to school districts as requested by  
38 school districts in connection with the construction of new school facilities  
39 and the maintenance of existing school facilities and may contract directly  
40 with construction project managers pursuant to subsection B of this section.  
41 This paragraph does not restrict a school district from contracting with a  
42 construction project manager using district or state resources.

43          D. When appropriate, the school facilities board shall review and use  
44 the statewide school facilities inventory and needs assessment conducted by  
45 the joint committee on capital review and issued in July, 1995.

1 E. The school facilities board shall contract with one or more private  
2 building inspectors to complete an initial assessment of school facilities  
3 and equipment and shall inspect each school building in this state at least  
4 once every five years to ensure compliance with section 15-2011. A copy of  
5 the inspection report, together with any recommendations for building  
6 maintenance, shall be provided to the school facilities board and the  
7 governing board of the school district.

8 F. The school facilities board may consider appropriate combinations  
9 of facilities or uses in making assessments of and curing deficiencies  
10 pursuant to subsection A, paragraph 1 of this section and in certifying plans  
11 for new school facilities pursuant to subsection A, paragraph 5 of this  
12 section.

13 G. The board shall not award any monies to fund new facilities that  
14 are financed by class A bonds that are issued by the school district.

15 H. The board shall not distribute monies to a school district for  
16 replacement or repair of facilities if the costs associated with the  
17 replacement or repair are covered by insurance or a performance or payment  
18 bond.

19 I. The board may contract for construction services and materials that  
20 are necessary to correct existing deficiencies in school district facilities.  
21 The board may procure the construction services necessary pursuant to this  
22 subsection by any method, including construction-manager-at-risk,  
23 design-build, design-bid-build or job-order-contracting as provided by title  
24 41, chapter 23. The construction planning and services performed pursuant to  
25 this subsection are exempt from section 41-791.01.

26 J. The school facilities board may enter into agreements with school  
27 districts to allow school facilities board staff and contractors access to  
28 school property for the purposes of performing the construction services  
29 necessary pursuant to subsection I of this section.

30 K. Each school district shall develop routine preventative maintenance  
31 guidelines for its facilities. The guidelines shall include plumbing  
32 systems, electrical systems, heating, ventilation and air conditioning  
33 systems, special equipment and other systems and for roofing systems shall  
34 recommend visual inspections performed by district staff for signs of  
35 structural stress and weakness. The guidelines shall be submitted to the  
36 school facilities board for review and approval. If on inspection by the  
37 school facilities board it is determined that a school district facility was  
38 inadequately maintained pursuant to the school district's routine  
39 preventative maintenance guidelines, the school district shall return the  
40 building to compliance with the school district's routine preventative  
41 maintenance guidelines.

42 L. The school facilities board may temporarily transfer monies between  
43 the capital reserve fund established by section 15-2003, the emergency  
44 deficiencies correction fund established by section 15-2022 and the new  
45 school facilities fund established by section 15-2041 if all of the following  
46 conditions are met:

1           1. The transfer is necessary to avoid a temporary shortfall in the  
2 fund into which the monies are transferred.

3           2. The transferred monies are restored to the fund where the monies  
4 originated as soon as practicable after the temporary shortfall in the other  
5 fund has been addressed.

6           3. The school facilities board reports to the joint committee on  
7 capital review the amount of and the reason for any monies transferred.

8           M. After notifying each school district, and if a written objection  
9 from the school district is not received by the school facilities board  
10 within thirty days of the notification, the school facilities board may  
11 access public utility company records of power, water, natural gas, telephone  
12 and broadband usage to assemble consistent and accurate data on utility  
13 consumption at school facilities to determine the effectiveness of facility  
14 design, operation and maintenance measures intended to reduce energy and  
15 water consumption and costs. Any public utility that provides service to a  
16 school district in this state shall provide the data requested by the school  
17 facilities board pursuant to this subsection.

18           N. The school facilities board shall not require a common school  
19 district that provides instruction to pupils in grade nine to obtain approval  
20 from the school facilities board to reconfigure its school facilities. A  
21 common school district that provides instruction to pupils in grade nine is  
22 not entitled to additional monies from the school facilities board for  
23 facilities to educate pupils in grade nine.

24           Sec. 8. Section 15-2032, Arizona Revised Statutes, is amended to read:

25           15-2032. School facilities board building renewal grant fund;  
26 definitions

27           A. The building renewal grant fund is established consisting of monies  
28 appropriated to the fund by the legislature. The school facilities board  
29 shall administer the fund and distribute monies to school districts for the  
30 purpose of maintaining the adequacy of existing school facilities. Monies in  
31 the fund are exempt from the provisions of section 35-190 relating to lapsing  
32 of appropriations.

33           B. The school facilities board shall distribute monies from the fund  
34 based on grant requests from school districts to fund primary building  
35 renewal projects. Project requests shall be prioritized by the school  
36 facilities board, with priority given to school districts that have provided  
37 routine preventative maintenance on the facility, and to school districts  
38 that can provide a match of monies provided by the fund. The school  
39 facilities board shall approve only projects that will be completed within  
40 twelve months, unless similar projects on average take longer to complete.

41           C. School districts that receive monies from the fund shall use these  
42 monies on projects for buildings or any part of a building in the school  
43 facilities board's database for any of the following:

44           1. Major renovations and repairs to a building.

45           2. Upgrading systems and areas that will maintain or extend the useful  
46 life of the building.

1           3. Infrastructure costs.  
2           D. Monies received from the fund shall not be used for any of the  
3 following purposes:  
4           1. New construction.  
5           2. Remodeling interior space for aesthetic or preferential reasons.  
6           3. Exterior beautification.  
7           4. Demolition.  
8           5. Routine preventative maintenance.  
9           6. Any project in a building, or part of a building, that is being  
10 leased to another entity, including a charter school that is sponsored by a  
11 school district pursuant to section 15-183.  
12           E. Accommodation schools are not eligible for monies from the building  
13 renewal grant fund.  
14           F. IF THE SCHOOL FACILITIES BOARD OR A COURT OF COMPETENT JURISDICTION  
15 DETERMINES THAT A SCHOOL DISTRICT RECEIVED MONIES FROM THE BUILDING RENEWAL  
16 GRANT FUND THAT MUST BE REIMBURSED TO THE SCHOOL FACILITIES BOARD DUE TO  
17 LEGAL ACTION ASSOCIATED WITH IMPROPER CONSTRUCTION BY A HIRED CONTRACTOR, THE  
18 SCHOOL DISTRICT SHALL REIMBURSE THE SCHOOL FACILITIES BOARD AN AGREED-ON  
19 AMOUNT FOR DEPOSIT INTO THE BUILDING RENEWAL GRANT FUND.  
20           ~~F.~~ G. For the purposes of this section:  
21           1. "Primary building renewal projects" means projects that are  
22 necessary for buildings owned by school districts that are required to meet  
23 the minimum adequacy standards for student capacity and that fall below the  
24 minimum school facility adequacy guidelines, as adopted by the school  
25 facilities board pursuant to section 15-2011, for school districts that have  
26 provided routine preventative maintenance to the school facility.  
27           2. "Routine preventative maintenance" means services that are  
28 performed on a regular schedule at intervals ranging from four times a year  
29 to once every three years and that are intended to extend the useful life of  
30 a building system and reduce the need for major repairs.  
31           3. "Student capacity" has the same meaning prescribed in section  
32 15-2011.  
33           Sec. 9. Section 15-2041, Arizona Revised Statutes, is amended to read:  
34           15-2041. New school facilities fund; capital plan; report  
35           A. A new school facilities fund is established consisting of monies  
36 appropriated by the legislature and monies credited to the fund pursuant to  
37 section 37-221. The school facilities board shall administer the fund and  
38 distribute monies, as a continuing appropriation, to school districts for the  
39 purpose of constructing new school facilities and for contracted expenses  
40 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30  
41 of each fiscal year, any unobligated contract monies in the new school  
42 facilities fund shall be transferred to the capital reserve fund established  
43 by section 15-2003.  
44           B. The school facilities board shall prescribe a uniform format for  
45 use by the school district governing board in developing and annually  
46 updating a capital plan that consists of each of the following:

1 1. Enrollment projections for the next five years for elementary  
2 schools and eight years for middle and high schools, including a description  
3 of the methods used to make the projections.

4 2. A description of new schools or additions to existing schools  
5 needed to meet the building adequacy standards prescribed in section 15-2011.  
6 The description shall include:

7 (a) The grade levels and the total number of pupils that the school or  
8 addition is intended to serve.

9 (b) The year in which it is necessary for the school or addition to  
10 begin operations.

11 (c) A timeline that shows the planning and construction process for  
12 the school or addition.

13 3. Long-term projections of the need for land for new schools.

14 4. Any other necessary information required by the school facilities  
15 board to evaluate a school district's capital plan.

16 5. If a school district pays tuition for all or a portion of the  
17 school district's high school pupils to another school district, the capital  
18 plan shall indicate the number of pupils for which the district pays tuition  
19 to another district. If a school district accepts pupils from another school  
20 district pursuant to section 15-824, subsection A, the school district shall  
21 indicate the projections for this population separately. This paragraph does  
22 not apply to a small isolated school district as defined in section 15-901.

23 C. If the capital plan indicates a need for a new school or an  
24 addition to an existing school within the next four years or a need for land  
25 within the next ten years, the school district shall submit its plan to the  
26 school facilities board by September 1 and shall request monies from the new  
27 school facilities fund for the new construction or land. The school  
28 facilities board may require a school district to sell land that was  
29 previously purchased entirely with monies provided by the school facilities  
30 board if the school facilities board determines that the property is no  
31 longer needed within the ten year period specified in this subsection for a  
32 new school or no longer needed within that ten year period for an addition to  
33 an existing school. Monies provided for land shall be in addition to any  
34 monies provided pursuant to subsection D of this section.

35 D. The school facilities board shall distribute monies from the new  
36 school facilities fund as follows:

37 1. The school facilities board shall review and evaluate the  
38 enrollment projections. On or before March 1, following the submission of  
39 the enrollment projections, the school facilities board shall either approve  
40 the projections as submitted or revise the projections. **IN APPROVING OR**  
41 **REVISING THE ENROLLMENT PROJECTIONS, THE SCHOOL FACILITIES BOARD SHALL USE**  
42 **THE MOST RECENT AVERAGE DAILY MEMBERSHIP DATA AVAILABLE. ON REQUEST FROM THE**  
43 **SCHOOL FACILITIES BOARD, THE DEPARTMENT OF EDUCATION SHALL MAKE AVAILABLE THE**  
44 **MOST RECENT AVERAGE DAILY MEMBERSHIP DATA FOR USE IN REVISING THE ENROLLMENT**  
45 **PROJECTIONS.** In determining new construction requirements, the school  
46 facilities board shall determine the net new growth of pupils that will

1 require additional square footage that exceeds the building adequacy  
2 standards prescribed in section 15-2011. If the projected growth and the  
3 existing number of pupils exceed three hundred fifty pupils who are served in  
4 a school district other than the pupil's resident school district, the school  
5 facilities board, the receiving school district and the resident school  
6 district shall develop a capital facilities plan on how to best serve those  
7 pupils. A small isolated school district as defined in section 15-901 is not  
8 required to develop a capital facilities plan pursuant to this paragraph.

9       2. If the approved projections indicate that additional space would  
10 not have been needed during the current school year in order to meet the  
11 building adequacy standards prescribed in section 15-2011, the request shall  
12 be held for consideration by the school facilities board for possible future  
13 funding and the school district shall annually submit an updated plan until  
14 the additional space is needed.

15       3. If the approved projections indicate that additional space would  
16 have been needed during the current school year in order to meet the building  
17 adequacy standards prescribed in section 15-2011, the school facilities board  
18 shall provide an amount as follows:

19       (a) Determine the number of pupils requiring additional square footage  
20 to meet building adequacy standards. This amount for elementary schools  
21 shall not be less than the number of new pupils for whom space will be needed  
22 in the next year and shall not exceed the number of new pupils for whom space  
23 will be needed in the next five years. This amount for middle and high  
24 schools shall not be less than the number of new pupils for whom space will  
25 be needed in the next four years and shall not exceed the number of new  
26 pupils for whom space will be needed in the next eight years.

27       (b) Multiply the number of pupils determined in subdivision (a) of  
28 this paragraph by the square footage per pupil. The square footage per pupil  
29 is ninety square feet per pupil for preschool children with disabilities,  
30 kindergarten programs and grades one through six, one hundred square feet for  
31 grades seven and eight, one hundred thirty-four square feet for a school  
32 district that provides instruction in grades nine through twelve for fewer  
33 than one thousand eight hundred pupils and one hundred twenty-five square  
34 feet for a school district that provides instruction in grades nine through  
35 twelve for at least one thousand eight hundred pupils. The total number of  
36 pupils in grades nine through twelve in the district shall determine the  
37 square footage factor to use for net new pupils. The school facilities board  
38 may modify the square footage requirements prescribed in this subdivision for  
39 particular schools based on any of the following factors:

40       (i) The number of pupils served or projected to be served by the  
41 school district.

42       (ii) Geographic factors.

43       (iii) Grade configurations other than those prescribed in this  
44 subdivision.

45       (iv) Compliance with minimum school facility adequacy requirements  
46 established pursuant to section 15-2011.

1 (c) Multiply the product obtained in subdivision (b) of this paragraph  
2 by the cost per square foot. The cost per square foot is ninety dollars for  
3 preschool children with disabilities, kindergarten programs and grades one  
4 through six, ninety-five dollars for grades seven and eight and one hundred  
5 ten dollars for grades nine through twelve. The cost per square foot shall  
6 be adjusted annually for construction market considerations based on an index  
7 identified or developed by the joint legislative budget committee as  
8 necessary but not less than once each year. The school facilities board  
9 shall multiply the cost per square foot by 1.05 for any school district  
10 located in a rural area. The school facilities board may only modify the  
11 base cost per square foot prescribed in this subdivision for particular  
12 schools based on geographic conditions or site conditions. For the purposes  
13 of this subdivision, "rural area" means an area outside a thirty-five mile  
14 radius of a boundary of a municipality with a population of more than fifty  
15 thousand persons.

16 (d) Once the school district governing board obtains approval from the  
17 school facilities board for new facility construction funds, additional  
18 portable or modular square footage created for the express purpose of  
19 providing temporary space for pupils until the completion of the new facility  
20 shall not be included by the school facilities board for the purpose of new  
21 construction funding calculations. On completion of the new facility  
22 construction project, if the portable or modular facilities continue in use,  
23 the portable or modular facilities shall be included as prescribed by this  
24 chapter, unless the school facilities board approves their continued use for  
25 the purpose of providing temporary space for pupils until the completion of  
26 the next new facility that has been approved for funding from the new school  
27 facilities fund.

28 4. For projects approved after December 31, 2001, and notwithstanding  
29 paragraph 3 of this subsection, a unified school district that does not have  
30 a high school is not eligible to receive high school space as prescribed by  
31 section 15-2011 and this section unless the unified district qualifies for  
32 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of  
33 this subsection.

34 5. If a joint technical education district leases a building from a  
35 school district, that building shall be included in the school district's  
36 square footage calculation for the purposes of new construction pursuant to  
37 this section.

38 6. If a school district leases a building to another entity, including  
39 a charter school that is sponsored by a school district pursuant to section  
40 15-183, that building shall be included in the school district's square  
41 footage calculation for purposes of new construction pursuant to this  
42 section.

43 7. A school district shall qualify for new construction funding in a  
44 fiscal year only if the school facilities board has approved or revised its  
45 enrollment projection under paragraph 3 of this subsection on or before March  
46 1 of the prior fiscal year.

1           E. Monies for architectural and engineering fees, project management  
2 services and preconstruction services shall be distributed on the completion  
3 of the analysis by the school facilities board of the school district's  
4 request. After receiving monies pursuant to this subsection, the school  
5 district shall submit a design development plan for the school or addition to  
6 the school facilities board before any monies for construction are  
7 distributed. If the school district's request meets the building adequacy  
8 standards, the school facilities board may review and comment on the  
9 district's plan with respect to the efficiency and effectiveness of the plan  
10 in meeting state square footage and facility standards before distributing  
11 the remainder of the monies. If the school facilities board modifies the  
12 cost per square foot as prescribed in subsection D, paragraph 3, subdivision  
13 (c) of this section, the school facilities board may deduct the cost of  
14 project management services and preconstruction services from the required  
15 cost per square foot. The school facilities board may decline to fund the  
16 project if the square footage is no longer required due to revised enrollment  
17 projections.

18           F. The school facilities board shall distribute the monies needed for  
19 land for new schools so that land may be purchased at a price that is less  
20 than or equal to fair market value and in advance of the construction of the  
21 new school. If necessary, the school facilities board may distribute monies  
22 for land to be leased for new schools if the duration of the lease exceeds  
23 the life expectancy of the school facility by at least fifty per cent. A  
24 school district shall not use land purchased or partially purchased with  
25 monies provided by the school facilities board for a purpose other than a  
26 site for a school facility without obtaining prior written approval from the  
27 school facilities board. A school district shall not lease, sell or take any  
28 action that would diminish the value of land purchased or partially purchased  
29 with monies provided by the school facilities board without obtaining prior  
30 written approval from the school facilities board. The proceeds derived  
31 through the sale of any land purchased or partially purchased, or the sale of  
32 buildings funded or partially funded, with monies provided by the school  
33 facilities board shall be returned to the state fund from which it was  
34 appropriated and to any other participating entity on a proportional basis.  
35 Except as provided in section 15-342, paragraph 33, if a school district  
36 acquires real property by donation at an appropriate school site approved by  
37 the school facilities board, the school facilities board shall distribute an  
38 amount equal to twenty per cent of the fair market value of the donated real  
39 property that can be used for academic purposes. The school district shall  
40 place the monies in the unrestricted capital outlay fund and increase the  
41 unrestricted capital budget limit by the amount of monies placed in the fund.  
42 Monies distributed under this subsection shall be distributed from the new  
43 school facilities fund. A school district that receives monies from the new  
44 school facilities fund for a donation of land pursuant to section 15-342,  
45 paragraph 33 shall not receive monies from the school facilities board for

1 the donation of real property pursuant to this subsection. A school district  
2 shall not pay a consultant a percentage of the value of any of the following:

3 1. Donations of real property, services or cash from any of the  
4 following:

5 (a) Entities that have offered to provide construction services to the  
6 school district.

7 (b) Entities that have been contracted to provide construction  
8 services to the school district.

9 (c) Entities that build residential units in that school district.

10 (d) Entities that develop land for residential use in that school  
11 district.

12 2. Monies received from the school facilities board on behalf of the  
13 school district.

14 3. Monies paid by the school facilities board on behalf of the school  
15 district.

16 G. In addition to distributions to school districts based on pupil  
17 growth projections, a school district may submit an application to the school  
18 facilities board for monies from the new school facilities fund if one or  
19 more school buildings have outlived their useful life. If the school  
20 facilities board determines that the school district needs to build a new  
21 school building for these reasons, the school facilities board shall remove  
22 the square footage computations that represent the building from the  
23 computation of the school district's total square footage for purposes of  
24 this section. If the square footage recomputation reflects that the school  
25 district no longer meets building adequacy standards, the school district  
26 qualifies for a distribution of monies from the new school construction  
27 formula in an amount determined pursuant to subsection D of this section.  
28 The school facilities board may only modify the base cost per square foot  
29 prescribed in this subsection under extraordinary circumstances for  
30 geographic factors or site conditions.

31 H. School districts that receive monies from the new school facilities  
32 fund shall establish a district new school facilities fund and shall use the  
33 monies in the district new school facilities fund only for the purposes  
34 prescribed in this section. By October 15 of each year, each school district  
35 shall report to the school facilities board the projects funded at each  
36 school in the previous fiscal year with monies from the district new school  
37 facilities fund and shall provide an accounting of the monies remaining in  
38 the new school facilities fund at the end of the previous fiscal year.

39 I. If a school district has surplus monies received from the new  
40 school facilities fund, the school district may use the surplus monies only  
41 for capital purposes for the project for up to one year after completion of  
42 the project. If the school district possesses surplus monies from the new  
43 school construction project that have not been expended within one year of  
44 the completion of the project, the school district shall return the surplus  
45 monies to the school facilities board for deposit in the new school  
46 facilities fund.

1 J. The board's consideration of any application filed after December  
2 31 of the year in which the property becomes territory in the vicinity of a  
3 military airport or ancillary military facility as defined in section 28-8461  
4 for monies to fund the construction of new school facilities proposed to be  
5 located in territory in the vicinity of a military airport or ancillary  
6 military facility shall include, if after notice is transmitted to the  
7 military airport pursuant to section 15-2002 and before the public hearing  
8 the military airport provides comments and an analysis concerning  
9 compatibility of the proposed school facilities with the high noise or  
10 accident potential generated by military airport or ancillary military  
11 facility operations that may have an adverse effect on public health and  
12 safety, consideration and analysis of the comments and analysis provided by  
13 the military airport before making a final determination.

14 K. If a school district uses its own project manager for new school  
15 construction, the members of the school district governing board and the  
16 project manager shall sign an affidavit stating that the members and the  
17 project manager understand and will follow the minimum adequacy requirements  
18 prescribed in section 15-2011.

19 L. The school facilities board shall establish a separate account in  
20 the new school facilities fund designated as the litigation account to pay  
21 attorney fees, expert witness fees and other costs associated with litigation  
22 in which the school facilities board pursues the recovery of damages for  
23 deficiencies correction that resulted from alleged construction defects or  
24 design defects that the school facilities board believes caused or  
25 contributed to a failure of the school building to conform to the building  
26 adequacy requirements prescribed in section 15-2011. Attorney fees paid  
27 pursuant to this subsection shall not exceed the market rate for similar  
28 types of litigation. On or before December 1 of each year, the school  
29 facilities board shall report to the joint committee on capital review the  
30 costs associated with current and potential litigation that may be paid from  
31 the litigation account.

32 M. Until the state board of education and the auditor general adopt  
33 rules pursuant to section 15-213, subsection I, the school facilities board  
34 may allow school districts to contract for construction services and  
35 materials through the qualified select bidders list method of project  
36 delivery for new school facilities pursuant to this section.

37 N. The school facilities board shall submit electronically a report on  
38 project management services and preconstruction services to the governor, the  
39 president of the senate and the speaker of the house of representatives by  
40 December 31 of each year. The report shall compare projects that use project  
41 management and preconstruction services with those that do not. The report  
42 shall address cost, schedule and other measurable components of a  
43 construction project. School districts, construction manager at risk firms  
44 and project management firms that participate in a school facilities board  
45 funded project shall provide the information required by the school  
46 facilities board in relation to this report.

1           0. If a school district constructs new square footage according to  
2 section 15-342, paragraph 33, the school facilities board shall review the  
3 design plans and location of any new school facility submitted by school  
4 districts and another party to determine whether the design plans comply with  
5 the adequacy standards prescribed in section 15-2011 and the square footage  
6 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)  
7 of this section. When the school district qualifies for a distribution of  
8 monies from the new school facilities fund according to this section, the  
9 school facilities board shall distribute monies to the school district from  
10 the new school facilities fund for the square footage constructed under  
11 section 15-342, paragraph 33 at the same cost per square foot established by  
12 this section that was in effect at the time of the beginning of the  
13 construction of the school facility. Before the school facilities board  
14 distributes any monies pursuant to this subsection, the school district shall  
15 demonstrate to the school facilities board that the facilities to be funded  
16 pursuant to this section meet the minimum adequacy standards prescribed in  
17 section 15-2011. The agreement entered into pursuant to section 15-342,  
18 paragraph 33 shall set forth the procedures for the allocation of these funds  
19 to the parties that participated in the agreement.

20           P. Accommodation schools are not eligible for monies from the new  
21 school facilities fund.

22           Sec. 10. Delayed repeal

23           Section 15-216, Arizona Revised Statutes, as added by this act, is  
24 repealed from and after December 31, 2017.

25           Sec. 11. Deposits in the education learning and accountability  
26 fund

27           On or before December 31, 2014, each community college district shall  
28 transmit six dollars per full-time student equivalent according to the most  
29 recent audit and each university under the jurisdiction of the Arizona board  
30 of regents shall transmit six dollars per actual university full-time  
31 equivalent student to the department of education for deposit in the  
32 education learning and accountability fund established by section 15-249.02,  
33 Arizona Revised Statutes.

34           Sec. 12. District additional assistance for school districts:  
35 reduction for fiscal year 2014-2015

36           A. For fiscal year 2014-2015, the department of education shall reduce  
37 by \$238,985,500 the amount of basic state aid that otherwise would be  
38 apportioned to school districts statewide for fiscal year 2014-2015 for  
39 district additional assistance prescribed in section 15-961, Arizona Revised  
40 Statutes, and shall reduce school district budget limits accordingly.

41           B. For fiscal year 2014-2015, the department of education shall reduce  
42 district additional assistance for a school district that is not eligible to  
43 receive basic state aid funding for fiscal year 2014-2015 by the amount that  
44 its district additional assistance would be reduced pursuant to subsection A  
45 of this section if the district were eligible to receive basic state aid

1 funding for fiscal year 2014-2015 and shall reduce the school district's  
2 budget limits accordingly.

3 Sec. 13. K-12 formula reductions; small districts; maximum

4 Notwithstanding any other law, the sum of district additional  
5 assistance reductions in fiscal year 2014-2015 for school districts with a  
6 student count of fewer than 1,100 pupils may not exceed \$5,000,000.

7 Sec. 14. Additional assistance funding for school districts and  
8 charter schools; reduction for fiscal year 2014-2015

9 A. The department of education shall reduce by \$15,656,000 the amount  
10 of charter additional assistance funding that otherwise would be apportioned  
11 to charter schools and school districts statewide for fiscal year 2014-2015  
12 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised  
13 Statutes, as amended by this act, and shall reduce school district budget  
14 limits accordingly. The funding reduction required under this section must  
15 be made on a proportional basis based on the charter additional assistance  
16 funding that each charter school and school district in the state would have  
17 received for fiscal year 2014-2015 without the prescribed reduction.

18 B. For fiscal year 2014-2015, the department of education shall reduce  
19 charter additional assistance for a school district that is not eligible to  
20 receive basic state aid funding for fiscal year 2014-2015 by the amount that  
21 its charter additional assistance would be reduced pursuant to subsection A  
22 of this section if the school district were eligible to receive basic state  
23 aid funding for fiscal year 2014-2015 and shall reduce the school district's  
24 budget limits accordingly.

25 Sec. 15. Waiver of repayment; total additional assistance for  
26 certain charter schools that convert back to  
27 district schools

28 The repayment of the total charter additional assistance prescribed in  
29 section 15-185, subsection A, paragraph 7, Arizona Revised Statutes, does not  
30 apply to a charter school that is required to convert back to a district  
31 public school due to the changes prescribed in section 15-183, Arizona  
32 Revised Statutes, as amended by this act, because the new charter school  
33 began initial operations after June 30, 2013 or an existing district public  
34 school was converted to a charter school that began initial operations after  
35 June 30, 2013.

36 Sec. 16. Pilot program on school emergency readiness; report;  
37 delayed repeal

38 A. The \$3,646,400 state general fund appropriation to the department  
39 of education for the school safety program for fiscal year 2014-2015 in the  
40 general appropriations act includes \$100,000 for a pilot program on school  
41 emergency readiness.

42 B. On or before September 30, 2014, school districts shall submit  
43 applications to the department of education to participate in the pilot  
44 program.

45 C. On or before November 30, 2014, the department of education shall  
46 select three school districts to participate in the pilot program. The

1 selected school districts must collectively consist of no more than  
 2 thirty-one individual school sites and must include:

3 1. One school district that is located in a county with a population  
 4 of eight hundred thousand persons or more according to the 2010 United States  
 5 decennial census.

6 2. One school district that is located in a county with a population  
 7 of one hundred thousand persons or more but less than eight hundred thousand  
 8 persons according to the 2010 United States decennial census.

9 3. One school district that is located in a county with a population  
 10 of less than one hundred thousand persons according to the 2010 United States  
 11 decennial census.

12 D. School districts that are selected to participate in the pilot  
 13 program must be provided and use a readiness and emergency management program  
 14 that incorporates the following:

15 1. Education-specific emergency management software. All plans and  
 16 critical emergency readiness information, including contacts, floor plans and  
 17 critical equipment photos and locations, must be accessible online and  
 18 off-line via mobile device applications. The software used in the pilot  
 19 program must comply with the national emergency information management system  
 20 adopted by the federal emergency management agency.

21 2. Training of teachers and administrators in the readiness and  
 22 emergency management program.

23 3. The development, implementation and maintenance of a comprehensive  
 24 crisis plan for participating school districts and their teachers and  
 25 administrators.

26 E. On or before November 1, 2015, the department of education shall  
 27 submit to the governor, the president of the senate and the speaker of the  
 28 house of representatives a report that summarizes the results of the pilot  
 29 program. The department of education shall provide a copy of the report to  
 30 the secretary of state.

31 F. This section is repealed from and after December 31, 2015.

32 Sec. 17. Student success funding: fiscal year 2014-2015:  
 33 limitation; report; posting; exemption; definitions

34 A. For fiscal year 2014-2015 the department of education shall  
 35 distribute to each eligible school district and charter holder from the  
 36 student success fund established by section 15-917, Arizona Revised Statutes,  
 37 as amended by this act, a student success funding amount computed as  
 38 follows:

39 1. Calculate the following:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>	<u>Column 5</u>
<u>Achievement</u>	<u>Improvement</u>	<u>Student</u>	<u>Eligible</u>	<u>Student</u>
<u>Profile</u>	<u>Category</u>	<u>Success</u>	<u>Scores</u>	<u>Success</u>
		<u>Funding</u>		<u>Funding</u>
		<u>Multiplier</u>		<u>Amount</u>
Exceeds	Superior	\$24.50	x	=
proficiency	improvement			

1	Exceeds	Strong					
2	proficiency	improvement	\$12.25	x	_____	=	_____
3	Exceeds	Below-average					
4	proficiency	improvement	\$ 7.75	x	_____	=	_____
5	Meets	Superior					
6	proficiency	improvement	\$18.25	x	_____	=	_____
7	Meets	Strong					
8	proficiency	improvement	\$ 9.25	x	_____	=	_____
9	Meets	Below-average					
10	proficiency	improvement	\$ 6.00	x	_____	=	_____
11	Approaches	Superior					
12	proficiency	improvement	\$39.75	x	_____	=	_____
13	Approaches	Strong					
14	proficiency	improvement	\$20.00	x	_____	=	_____
15	Falls far						
16	below	Superior					
17	proficiency	improvement	\$61.25	x	_____	=	_____
18	Falls far						
19	below	Strong					
20	proficiency	improvement	\$30.50	x	_____	=	_____
21					Total		_____

22           2. A student in a tested grade that does not receive a measurement of  
 23 academic gain is considered to demonstrate below-average improvement for  
 24 purposes of column 2 of paragraph 1 of this subsection.

25           3. For each eligible school district and charter holder, add all  
 26 corresponding amounts listed in column 5 of paragraph 1 of this subsection  
 27 for the eligible school district or charter holder.

28           4. Divide the sum calculated in paragraph 3 of this subsection by the  
 29 prior year attending average daily membership of the eligible school district  
 30 or charter holder in the tested grades.

31           5. Multiply the quotient calculated in paragraph 4 of this subsection  
 32 by the prior year attending average daily membership of the eligible school  
 33 district or charter holder in the untested grades.

34           6. Multiply the number of high school graduates for the eligible  
 35 school district or charter holder by twenty-one dollars fifty cents.

36           7. Add the amounts computed in paragraphs 3, 5 and 6 of this  
 37 subsection for the eligible school district or charter holder. This sum  
 38 equals the amount to be allocated pursuant to this paragraph.

39           B. Eligible school districts and charter holders that receive monies  
 40 from the student success fund established by section 15-917, Arizona Revised  
 41 Statutes, as amended by this act, shall submit a report on or before October  
 42 15, 2015 to the department of education that provides an accounting of the  
 43 expenditure of monies distributed from the fund during the previous fiscal  
 44 year. The department of education shall prescribe the format of the report  
 45 required by this subsection.

1 C. On or before October 15, 2015, the department of education shall  
2 prominently post on the department's website the following student success  
3 funding information for fiscal year 2014-2015, by school, for each eligible  
4 school district and charter holder:

5 1. The per pupil amounts for student success funding.

6 2. The total amount of student success funding.

7 D. Student success funding is specifically exempt from the revenue  
8 control limit.

9 E. For the purposes of this section:

10 1. "Below-average improvement" means a below-average measurement of  
11 academic gain for individual students that is used to calculate school and  
12 school district achievement profiles pursuant to section 15-241, subsection  
13 H, Arizona Revised Statutes.

14 2. "Eligible school district or charter holder" means a school  
15 district or charter school that provides instruction in at least one grade  
16 and at least one subject and in which students participate in the state  
17 assessment adopted by the state board of education pursuant to section  
18 15-741, Arizona Revised Statutes. Eligible school district or charter holder  
19 does not include school districts and charter holders that provide  
20 instruction only in kindergarten programs and grades one and two or joint  
21 technical education districts.

22 3. "Eligible score" means the following:

23 (a) The current score in either mathematics or reading according to  
24 the state assessment adopted by the state board of education pursuant to  
25 section 15-741, Arizona Revised Statutes, that is awarded to a student in  
26 grades three and ten.

27 (b) The previous score in either mathematics or reading according to  
28 the state assessment adopted by the state board of education pursuant to  
29 section 15-741, Arizona Revised Statutes, that is awarded to a student in  
30 grades four through eight.

31 4. "High school graduates" means the most current number of students  
32 who successfully completed the minimum course of study and competency  
33 requirements established by the state board of education pursuant to section  
34 15-203, Arizona Revised Statutes, within five years after entering high  
35 school.

36 5. "Strong improvement" means an above-average measurement of academic  
37 gain for individual students that is used to calculate school and school  
38 district achievement profiles pursuant to section 15-241, subsection H,  
39 Arizona Revised Statutes, and that is below a determination of superior  
40 improvement.

41 6. "Superior improvement" means a measurement of academic gain within  
42 or equal to the top seventeen per cent for individual students that is used  
43 to calculate school and school district achievement profiles pursuant to  
44 section 15-241, subsection H, Arizona Revised Statutes.

45 7. "Tested grades" means grades three through eight and grade ten.



1           4. The development of high-speed internet access in other states,  
2 including model governance structures.

3           5. The state's current contracts for carrier services and  
4 telecommunications and the potential to incentivize the expansion of internet  
5 access throughout the state.

6           F. On or before December 1, 2014, the committee shall submit a report  
7 of its preliminary findings pursuant to subsection E of this section to the  
8 governor, the president of the senate, the speaker of the house of  
9 representatives, the joint legislative budget committee and the information  
10 technology authorization committee established by section 41-3521, Arizona  
11 Revised Statutes.

12           G. On or before December 1, 2015, the committee shall submit a report  
13 that includes recommendations to increase internet access to underserved  
14 populations, including best practices, funding sources and a model governance  
15 structure, to the governor, the president of the senate, the speaker of the  
16 house of representatives, the joint legislative budget committee and the  
17 information technology authorization committee. The committee shall provide  
18 a copy of this report to the secretary of state.

19           H. This section is repealed from and after December 31, 2016.

20           Sec. 19. Appropriations; K-6 technology-based language  
21 development and literacy intervention pilot program

22           The sum of \$300,000 is appropriated to the state board of education in  
23 fiscal years 2014-2015 and 2015-2016 from the technology-based language  
24 development and literacy intervention fund established by section 15-216,  
25 Arizona Revised Statutes, as added by this act, for the purpose of providing  
26 payment to the educational technology provider selected by the state board  
27 pursuant to section 15-216, Arizona Revised Statutes, as added by this act.

28           Sec. 20. Transfers

29           A. On or before August 1, 2014, the commission for postsecondary  
30 education shall transfer \$546,800 from the commission for postsecondary  
31 education IGA/ISA fund to the technology-based language development and  
32 literacy intervention fund established by section 15-216, Arizona Revised  
33 Statutes, as added by this act.

34           ~~B. On or before August 1, 2014, the department of education shall~~  
35 ~~transfer \$53,200 in state general fund funding from its accountability and~~  
36 ~~achievement testing program to the technology-based language development and~~  
37 ~~literacy intervention fund established by section 15-216, Arizona Revised~~  
38 ~~Statutes, as added by this act.~~

39           Sec. 21. Retroactivity

40           Section 15-183, Arizona Revised Statutes, as amended by this act,  
41 applies retroactively to from and after June 30, 2013.

42           Sec. 22. District-sponsored charter schools; fiscal years  
43 2013-2014 and 2014-2015

44           Notwithstanding section 15-183, Arizona Revised Statutes, as amended by  
45 this act, a school district governing board that granted a charter to a new  
46 charter school that began initial operations as a charter school after June

1 30, 2013 but before July 1, 2014 or that converted an existing district  
2 public school to a charter school that began initial operations as a charter  
3 school after June 30, 2013 but before July 1, 2014 may continue to sponsor  
4 and operate that charter school only through fiscal year 2014-2015.

APPROVED BY THE GOVERNOR APRIL 11, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 11, 2014.