

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

CHAPTER 226
SENATE BILL 1350

AN ACT

AMENDING SECTION 15-101, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-116; AMENDING SECTIONS 15-185, 15-211, 15-393, 15-792.03, 15-901, 15-902.03, 15-923, 15-941, 15-946 AND 15-980, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-101, Arizona Revised Statutes, is amended to
3 read:

4 15-101. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Accommodation school" means either:

7 (a) A school that is operated through the county board of supervisors
8 and the county school superintendent and that the county school
9 superintendent administers to serve a military reservation or territory that
10 is not included within the boundaries of a school district.

11 (b) A school that provides educational services to homeless children
12 or alternative education programs as provided in section 15-308,
13 subsection B.

14 (c) A school that is established to serve a military reservation, the
15 boundaries of which are coterminous with the boundaries of the military
16 reservation on which the school is located.

17 2. "Assessed valuation" means the valuation derived by applying the
18 applicable percentage as provided in title 42, chapter 15, article 1 to the
19 full cash value or limited property value, whichever is applicable, of the
20 property.

21 3. "Charter holder" means a person that enters into a charter with the
22 state board for charter schools. For the purposes of this paragraph,
23 "person" means an individual, partnership, corporation, association or public
24 or private organization of any kind.

25 4. "Charter school" means a public school established by contract with
26 a district governing board, the state board of education, the state board for
27 charter schools, a university under the jurisdiction of the Arizona board of
28 regents, a community college district with enrollment of more than fifteen
29 thousand full-time equivalent students or a group of community college
30 districts with a combined enrollment of more than fifteen thousand full-time
31 equivalent students pursuant to article 8 of this chapter to provide learning
32 that will improve pupil achievement.

33 5. "Child with a disability" means a child with a disability as
34 defined in section 15-761.

35 6. "Class A bonds" means general obligation bonds approved by a vote
36 of the qualified electors of a school district at an election held on or
37 before December 31, 1998.

38 7. "Class B bonds" means general obligation bonds approved by a vote
39 of the qualified electors of a school district at an election held from and
40 after December 31, 1998.

41 8. "Competency" means a demonstrated ability in a skill at a specified
42 performance level.

43 9. "Course" means organized subject matter in which instruction is
44 offered within a given period of time and for which credit toward promotion,
45 graduation or certification is usually given. A course consists of knowledge
46 selected from a subject for instructional purposes in the schools.

1 10. "Course of study" means a list of required and optional subjects to
2 be taught in the schools.

3 11. "Dual enrollment course" means a college level course that is
4 conducted on the campus of a high school or on the campus of a joint
5 technical education district, that is applicable to an established community
6 college academic degree or certificate program and that is transferable to a
7 university under the jurisdiction of the Arizona board of regents. A dual
8 enrollment course that is applicable to a community college occupational
9 degree or certificate program may be transferable to a university under the
10 jurisdiction of the Arizona board of regents.

11 12. "ELEMENTARY GRADES" MEANS KINDERGARTEN PROGRAMS AND GRADES ONE
12 THROUGH EIGHT.

13 ~~12.~~ 13. "Fiscal year" means the year beginning July 1 and ending
14 June 30.

15 ~~13.~~ 14. "Governing board" means a body organized for the government
16 and management of the schools within a school district or a county school
17 superintendent in the conduct of an accommodation school.

18 ~~14.~~ 15. "Lease" means an agreement for conveyance and possession of
19 real or personal property.

20 ~~15.~~ 16. "Limited property value" means the value determined pursuant
21 to title 42, chapter 13, article 7. Limited property value shall be used as
22 the basis for assessing, fixing, determining and levying primary property
23 taxes.

24 ~~16.~~ 17. "Parent" means the natural or adoptive parent of a child or a
25 person who has custody of a child.

26 ~~17.~~ 18. "Person who has custody" means a parent or legal guardian of a
27 child, a person to whom custody of the child has been given by order of a
28 court or a person who stands in loco parentis to the child.

29 ~~18.~~ 19. "Primary property taxes" means all ad valorem taxes except for
30 secondary property taxes.

31 ~~19.~~ 20. "Private school" means a nonpublic institution where
32 instruction is imparted.

33 ~~20.~~ 21. "School" OR "PUBLIC SCHOOL" means any public institution
34 established for the purposes of offering instruction to pupils in programs
35 for preschool children with disabilities, kindergarten programs or any
36 combination of ELEMENTARY GRADES OR SECONDARY grades one through twelve.

37 ~~21.~~ 22. "School district" means a political subdivision of this state
38 with geographic boundaries organized for the purpose of the administration,
39 support and maintenance of the public schools or an accommodation school.

40 23. "SECONDARY GRADES" MEANS GRADES NINE THROUGH TWELVE.

41 ~~22.~~ 24. "Secondary property taxes" means ad valorem taxes used to pay
42 the principal of and the interest and redemption charges on any bonded
43 indebtedness or other lawful long-term obligation issued or incurred for a
44 specific purpose by a school district or a community college district and
45 amounts levied pursuant to an election to exceed a budget, expenditure or tax
46 limitation.

1 ~~23.~~ 25. "Subject" means a division or field of organized knowledge,
2 such as English or mathematics, or a selection from an organized body of
3 knowledge for a course or teaching unit, such as the English novel or
4 elementary algebra.

5 Sec. 2. Title 15, chapter 1, article 1, Arizona Revised Statutes, is
6 amended by adding section 15-116, to read:

7 15-116. Public schools; fees; waiver; prohibition

8 A. A SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY
9 THAT AUTHORIZES THE ASSESSMENT OF FEES PURSUANT TO THIS TITLE SHALL ENSURE
10 THAT ALL FEES CONTAIN A PROVISION THAT ALLOWS THE FEES TO BE WAIVED IN THE
11 EVENT OF ECONOMIC HARDSHIP TO THE PUPIL.

12 B. THE NONPAYMENT OF FEES CHARGED BY A PUBLIC SCHOOL MAY NOT PREVENT A
13 PUPIL FROM ENROLLING IN, APPLYING TO OR REMAINING ENROLLED IN A PUBLIC
14 SCHOOL.

15 C. THIS SECTION DOES NOT PROHIBIT A SCHOOL DISTRICT OR CHARTER SCHOOL
16 FROM CHARGING TUITION TO A NONRESIDENT PUPIL AS PERMITTED BY THIS TITLE.

17 Sec. 3. Section 15-185, Arizona Revised Statutes, is amended to read:

18 15-185. Charter schools; financing; civil penalty;
19 transportation; definitions

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

22 1. The charter school shall be included in the district's budget and
23 financial assistance calculations pursuant to paragraph 3 of this subsection
24 and chapter 9 of this title, except for chapter 9, article 4 of this title.
25 The charter of the charter school shall include a description of the methods
26 of funding the charter school by the school district. The school district
27 shall send a copy of the charter and application, including a description of
28 how the school district plans to fund the school, to the state board of
29 education before the start of the first fiscal year of operation of the
30 charter school. The charter or application shall include an estimate of the
31 student count for the charter school for its first fiscal year of operation.
32 This estimate shall be computed pursuant to the requirements of paragraph 3
33 of this subsection.

34 2. A school district is not financially responsible for any charter
35 school that is sponsored by the state board of education, the state board for
36 charter schools, a university under the jurisdiction of the Arizona board of
37 regents, a community college district or a group of community college
38 districts.

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

40 (a) Increase its student count as provided in subsection B, paragraph
41 2 of this section during the first year of the charter school's operation to
42 include those charter school pupils who were not previously enrolled in the
43 school district. A charter school sponsored by a school district governing
44 board is eligible for the charter additional assistance prescribed in
45 subsection B, paragraph 4 of this section. The district additional
46 assistance allocation as provided in section 15-961 for the school district

1 sponsoring the charter school shall be increased by the amount of the charter
2 additional assistance. The school district shall include the full amount of
3 the charter additional assistance in the funding provided to the charter
4 school.

5 (b) Compute separate weighted student counts pursuant to section
6 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
7 school pupils in order to maintain eligibility for small school district
8 support level weights authorized in section 15-943, paragraph 1 for its
9 noncharter school pupils only. The portion of a district's student count
10 that is attributable to charter school pupils is not eligible for small
11 school district support level weights.

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

16 5. A school district that sponsors a charter school is not eligible to
17 include the charter school pupils in its student count for the purpose of
18 computing an increase in its district additional assistance as provided in
19 section 15-961, subsection B, except that if the charter school was
20 previously a school in the district, the district may include in its student
21 count any charter school pupils who were enrolled in the school district in
22 the prior year.

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

28 7. If a school district converts one or more of its district public
29 schools to a charter school and receives assistance as prescribed in
30 subsection B, paragraph 4 of this section, and subsequently converts the
31 charter school back to a district public school, the school district shall
32 repay the state the total charter additional assistance received for the
33 charter school for all years that the charter school was in operation. The
34 repayment shall be in one lump sum and shall be reduced from the school
35 district's current year equalization assistance. The school district's
36 general budget limit shall be reduced by the same lump sum amount in the
37 current year.

38 B. Financial provisions for a charter school that is sponsored by the
39 state board of education, the state board for charter schools, a university,
40 a community college district or a group of community college districts are as
41 follows:

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

45 2. Notwithstanding paragraph 1 of this subsection, the student count
46 shall be determined initially using an estimated student count based on

1 actual registration of pupils before the beginning of the school year.
2 **NOTWITHSTANDING SECTION 15-1042, SUBSECTION F, STUDENT LEVEL DATA SUBMITTED**
3 **TO THE DEPARTMENT MAY BE USED TO DETERMINE ESTIMATED STUDENT COUNTS.** After
4 the first **FORTY DAYS**, one hundred days or two hundred days in session, as
5 applicable, the charter school shall revise the student count to be equal to
6 the actual average daily membership, as defined in section 15-901, of the
7 charter school. Before the **FORTIETH DAY**, one hundredth day or two hundredth
8 day in session, as applicable, the state board of education, the state board
9 for charter schools, the sponsoring university, the sponsoring community
10 college district or the sponsoring group of community college districts may
11 require a charter school to report periodically regarding pupil enrollment
12 and attendance, and the department of education may revise its computation of
13 equalization assistance based on the report. A charter school shall revise
14 its student count, base support level and charter additional assistance
15 before May 15. A charter school that overestimated its student count shall
16 revise its budget before May 15. A charter school that underestimated its
17 student count may revise its budget before May 15.

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

21 4. Equalization assistance for the charter school shall be determined
22 by adding the amount of the base support level and charter additional
23 assistance. The amount of the charter additional assistance is one thousand
24 six hundred eighty-four dollars nineteen cents per student count in preschool
25 programs for children with disabilities, kindergarten programs and grades one
26 through eight and one thousand nine hundred sixty-two dollars ninety cents
27 per student count in grades nine through twelve.

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

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

37 7. Not later than noon on the day preceding each apportionment date
38 established by paragraph 5 of this subsection, the superintendent of public
39 instruction shall furnish to the state treasurer an abstract of the
40 apportionment and shall certify the apportionment to the department of
41 administration, which shall draw its warrant in favor of the charter schools
42 for the amount apportioned.

43 C. If a pupil is enrolled in both a charter school and a public school
44 that is not a charter school, the sum of the daily membership, which includes
45 enrollment as prescribed in section 15-901, subsection A, paragraph 1,
46 subdivisions (a) and (b) and daily attendance as prescribed in section

1 15-901, subsection A, paragraph 5, for that pupil in the school district and
2 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
3 charter school and a public school that is not a charter school, the
4 department of education shall direct the average daily membership to the
5 school with the most recent enrollment date. On validation of actual
6 enrollment in both a charter school and a public school that is not a charter
7 school and if the sum of the daily membership or daily attendance for that
8 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
9 apportioned between the public school and the charter school based on the
10 percentage of total time that the pupil is enrolled or in attendance in the
11 public school and the charter school. The uniform system of financial
12 records shall include guidelines for the apportionment of the pupil
13 enrollment and attendance as provided in this section.

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

26 1. Equalization assistance shall not be less than zero.
27 2. For a charter school sponsored by the state board of education, the
28 state board for charter schools, a university, a community college district
29 or a group of community college districts, the total of the base support
30 level and the charter additional assistance shall not be less than zero.

31 3. For a charter school sponsored by a school district, the base
32 support level for the school district shall not be reduced by more than the
33 amount that the charter school increased the district's base support level
34 and district additional assistance allocation.

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

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

4 G. At the request of a charter school, the county school
5 superintendent of the county where the charter school is located may provide
6 the same educational services to the charter school as prescribed in section
7 15-308, subsection A. The county school superintendent may charge a fee to
8 recover costs for providing educational services to charter schools.

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

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

1 J. A charter school may receive and spend monies distributed by the
2 department of education pursuant to section 42-5029, subsection E and section
3 37-521, subsection B.

4 K. If a school district transports or contracts to transport pupils to
5 the Arizona state schools for the deaf and the blind during any fiscal year,
6 the school district may transport or contract with a charter school to
7 transport sensory impaired pupils during that same fiscal year to a charter
8 school if requested by the parent of the pupil and if the distance from the
9 pupil's place of actual residence within the school district to the charter
10 school is less than the distance from the pupil's place of actual residence
11 within the school district to the campus of the Arizona state schools for the
12 deaf and the blind.

13 L. Notwithstanding any other law, a university under the jurisdiction
14 of the Arizona board of regents, a community college district or a group of
15 community college districts shall not include any student in the student
16 count of the university, community college district or group of community
17 college districts for state funding purposes if that student is enrolled in
18 and attending a charter school sponsored by the university, community college
19 district or group of community college districts.

20 M. The governing body of a charter school shall transmit a copy of its
21 proposed budget or the summary of the proposed budget and a notice of the
22 public hearing to the department of education for posting on the department
23 of education's website no later than ten days before the hearing and meeting.
24 If the charter school maintains a website, the charter school governing body
25 shall post on its website a copy of its proposed budget or the summary of the
26 proposed budget and a notice of the public hearing.

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

31 O. If permitted by federal law, a charter school may opt out of
32 federal grant opportunities if the charter holder or the appropriate
33 governing body of the charter school determines that the federal requirements
34 impose unduly burdensome reporting requirements.

35 P. For the purposes of this section:

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

42 2. "Operated for or by the same school district" means the charter
43 school is either governed by the same district governing board or operated by
44 the district in the same manner as other traditional schools in the district
45 or is operated by an independent party that has a contract with the school

1 district. The auditor general and the department of education shall
2 determine which charter schools meet the definition in this subsection.

3 Sec. 4. Section 15-211, Arizona Revised Statutes, is amended to read:

4 15-211. K-3 reading program; receipt and use of monies;
5 additional funding; program termination

6 A. The state board of education, in collaboration with the department
7 of education, shall establish a K-3 reading program to improve the reading
8 proficiency of pupils in kindergarten programs and grades one, two and three
9 in the public schools of this state.

10 B. On or before October 1, 2012, each school district and charter
11 school shall submit to the state board of education a plan for improving the
12 reading proficiency of its pupils in kindergarten programs and grades one,
13 two and three. The plan shall include baseline data on the reading
14 proficiency of its pupils in kindergarten programs and grades one, two and
15 three and a budget for spending monies from both the K-3 support level weight
16 and the K-3 reading support level weight established in section 15-943.
17 Beginning in fiscal year 2013-2014 and each fiscal year thereafter, each
18 school district and charter school shall submit to the state board of
19 education on or before October 1 an updated K-3 reading program plan that
20 includes data on program expenditures and results.

21 C. School districts and charter schools shall use monies generated by
22 the K-3 reading support level weight established in section 15-943 only on
23 reading programs for pupils in kindergarten programs and grades one, two and
24 three with particular emphasis on pupils in kindergarten programs and grades
25 one and two.

26 D. Each school district and charter school that is assigned a letter
27 grade of C, D or F pursuant to section 15-241, subsection H or that has more
28 than ten per cent of its pupils in grade three reading far below the third
29 grade level according to the reading portion of the Arizona instrument to
30 measure standards test, or a successor test, shall receive monies generated
31 by the K-3 reading support level weight established in section 15-943 only
32 after the K-3 reading program plan of the school district or charter school
33 has been approved by the state board of education.

34 E. PUPILS IN A CHARTER SCHOOL THAT IS IN ITS FIRST YEAR OF OPERATION
35 AND THAT IS SPONSORED BY THE STATE BOARD OF EDUCATION, THE STATE BOARD FOR
36 CHARTER SCHOOLS, A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF
37 REGENTS, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE
38 DISTRICTS ARE ELIGIBLE FOR THE K-3 READING SUPPORT LEVEL WEIGHT.

39 ~~E.~~ F. The department of education shall solicit gifts, grants and
40 donations from any lawful public or private source in order to provide
41 additional funding for the K-3 reading program.

42 ~~F.~~ G. The program established by this section ends on July 1, 2022
43 pursuant to section 41-3102.

44 Sec. 5. Section 15-393, Arizona Revised Statutes, is amended to read:

45 15-393. Joint technical education district governing board;
46 report; definitions

1 A. The management and control of the joint district are vested in the
2 joint technical education district governing board, including the content and
3 quality of the courses offered by the district, the quality of teachers who
4 provide instruction on behalf of the district, the salaries of teachers who
5 provide instruction on behalf of the district and the reimbursement of other
6 entities for the facilities used by the district. Unless the governing
7 boards of the school districts participating in the formation of the joint
8 district vote to implement an alternative election system as provided in
9 subsection B of this section, the joint board shall consist of five members
10 elected from five single member districts formed within the joint district.
11 The single member district election system shall be submitted as part of the
12 plan for the joint district pursuant to section 15-392 and shall be
13 established in the plan as follows:

14 1. The governing boards of the school districts participating in the
15 formation of the joint district shall define the boundaries of the single
16 member districts so that the single member districts are as nearly equal in
17 population as is practicable, except that if the joint district lies in part
18 in each of two or more counties, at least one single member district may be
19 entirely within each of the counties comprising the joint district if this
20 district design is consistent with the obligation to equalize the population
21 among single member districts.

22 2. The boundaries of each single member district shall follow election
23 precinct boundary lines, as far as practicable, in order to avoid further
24 segmentation of the precincts.

25 3. A person who is a registered voter of this state and who is a
26 resident of the single member district is eligible for election to the office
27 of joint board member from the single member district. The terms of office
28 of the members of the joint board shall be as prescribed in section 15-427,
29 subsection B. An employee of a joint technical education district or the
30 spouse of an employee shall not hold membership on a governing board of a
31 joint technical education district by which the employee is employed. A
32 member of one school district governing board or joint technical education
33 district governing board is ineligible to be a candidate for nomination or
34 election to or serve simultaneously as a member of any other governing board,
35 except that a member of a governing board may be a candidate for nomination
36 or election for any other governing board if the member is serving in the
37 last year of a term of office. A member of a governing board shall resign
38 the member's seat on the governing board before becoming a candidate for
39 nomination or election to the governing board of any other school district or
40 joint technical education district, unless the member of the governing board
41 is serving in the last year of a term of office.

42 4. Nominating petitions shall be signed by the number of qualified
43 electors of the single member district as provided in section 16-322.

44 B. The governing boards of the school districts participating in the
45 formation of the joint district may vote to implement any other alternative
46 election system for the election of joint district board members. If an

1 alternative election system is selected, it shall be submitted as part of the
2 plan for the joint district pursuant to section 15-392, and the
3 implementation of the system shall be as approved by the United States
4 justice department.

5 C. The joint technical education district shall be subject to the
6 following provisions of this title:

- 7 1. Chapter 1, articles 1 through 6.
- 8 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 9 3. Articles 2, 3 and 5 of this chapter.
- 10 4. Section 15-361.
- 11 5. Chapter 4, articles 1, 2 and 5.
- 12 6. Chapter 5, articles 1, 2 and 3.
- 13 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
14 and 15-730.
- 15 8. Chapter 7, article 5.
- 16 9. Chapter 8, articles 1, 3 and 4.
- 17 10. Sections 15-828 and 15-829.
- 18 11. Chapter 9, article 1, article 6, except for section 15-995, and
19 article 7.
- 20 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 21 13. Sections 15-1101 and 15-1104.
- 22 14. Chapter 10, articles 2, 3, 4 and 8.

23 D. Notwithstanding subsection C of this section, the following apply
24 to a joint technical education district:

25 1. A joint district may issue bonds for the purposes specified in
26 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
27 aggregate, including the existing indebtedness, not exceeding one per cent of
28 the taxable property used for secondary tax purposes, as determined pursuant
29 to title 42, chapter 15, article 1, within the joint technical education
30 district as ascertained by the last property tax assessment previous to
31 issuing the bonds.

32 2. The number of governing board members for a joint district shall be
33 as prescribed in subsection A of this section.

34 3. The student count for the first year of operation of a joint
35 technical education district as provided in this article shall be determined
36 as follows:

37 (a) Determine the estimated student count for joint district classes
38 that will operate in the first year of operation. This estimate shall be
39 based on actual registration of pupils as of March 30 scheduled to attend
40 classes that will be operated by the joint district. The student count for
41 the district of residence of the pupils registered at the joint district
42 shall be adjusted. The adjustment shall cause the district of residence to
43 reduce the student count for the pupil to reflect the courses to be taken at
44 the joint district. The district of residence shall review and approve the
45 adjustment of its own student count as provided in this subdivision before

1 the pupils from the school district can be added to the student count of the
2 joint district.

3 (b) The student count for the new joint district shall be the student
4 count as determined in subdivision (a) of this paragraph.

5 (c) For the first year of operation, the joint district shall revise
6 the student count to the actual average daily membership as prescribed in
7 section 15-901, subsection A, paragraph 1 for students attending classes in
8 the joint district. A joint district shall revise its student count, the
9 base support level as provided in section 15-943.02, the revenue control
10 limit as provided in section 15-944.01 and the district additional assistance
11 as provided in section 15-962.01 prior to May 15. A joint district that
12 overestimated its student count shall revise its budget prior to May 15. A
13 joint district that underestimated its student count may revise its budget
14 prior to May 15.

15 (d) After March 15 of the first year of operation, the district of
16 residence shall adjust its student count by reducing it to reflect the
17 courses actually taken at the joint district. The district of residence
18 shall revise its student count, the base support level as provided in section
19 15-943, the revenue control limit as provided in section 15-944 and the
20 district additional assistance as provided in section 15-962.01 prior to
21 May 15. A district that underestimated the student count for students
22 attending the joint district shall revise its budget prior to May 15. A
23 district that overestimated the student count for students attending the
24 joint district may revise its budget prior to May 15.

25 (e) A joint district for the first year of operation shall not be
26 eligible for adjustment pursuant to section 15-948.

27 (f) The procedures for implementing this paragraph shall be as
28 prescribed in the uniform system of financial records.

29 (g) Pupils in an approved joint technical education district
30 centralized program may generate an average daily membership of 1.0 during
31 any day of the week and at any time between July 1 and June 30 of each fiscal
32 year.

33 For the purposes of this paragraph, "district of residence" means the
34 district that included the pupil in its average daily membership for the year
35 before the first year of operation of the joint district and that would have
36 included the pupil in its student count for the purposes of computing its
37 base support level for the fiscal year of the first year of operation of the
38 joint district if the pupil had not enrolled in the joint district.

39 4. A student includes any person enrolled in the joint district
40 without regard to the person's age or high school graduation status, except
41 that:

42 (a) A student in a kindergarten program or in grades one through nine
43 who enrolls in courses offered by the joint technical education district
44 shall not be included in the joint district's student count or average daily
45 membership.

1 (b) A student in a kindergarten program or in grades one through nine
2 who is enrolled in career and technical education courses shall not be funded
3 in whole or in part with monies provided by a joint technical education
4 district, except that a pupil in grade eight or nine may be funded with
5 monies generated by the five cent qualifying tax rate authorized in
6 subsection F of this section.

7 (c) A student who is over twenty-one years of age shall not be
8 included in the student count of the joint district for the purposes of
9 chapter 9, articles 3, 4 and 5 of this title.

10 5. A joint district may operate for more than one hundred eighty days
11 per year, with expanded hours of service.

12 6. A joint district may use the carryforward provisions of section
13 15-943.01.

14 7. A school district that is part of a joint district shall use any
15 monies received pursuant to this article to supplement and not supplant base
16 year career and technical education courses, and directly related equipment
17 and facilities, except that a school district that is part of a joint
18 technical education district and that has used monies received pursuant to
19 this article to supplant career and technical education courses that were
20 offered before the first year that the school district participated in the
21 joint district or the first year that the school district used monies
22 received pursuant to this article or that used the monies for purposes other
23 than for career and technical education courses shall use one hundred per
24 cent of the monies received pursuant to this article to supplement and not
25 supplant base year career and technical education courses.

26 8. A joint technical education district shall use any monies received
27 pursuant to this article to enhance and not supplant career and technical
28 education courses and directly related equipment and facilities.

29 9. A joint technical education district or a school district that is
30 part of a joint district shall only include pupils in grades ten through
31 twelve in the calculation of student count or average daily membership if the
32 pupils are enrolled in courses that are approved jointly by the governing
33 board of the joint technical education district and each participating school
34 district for satellite courses taught within the participating school
35 district, or approved solely by the joint technical education district for
36 centrally located courses. Student count and average daily membership from
37 courses that are not part of an approved program for career and technical
38 education shall not be included in student count and average daily membership
39 of a joint technical education district.

40 E. The joint board shall appoint a superintendent as the executive
41 officer of the joint district.

42 F. Taxes may be levied for the support of the joint district as
43 prescribed in chapter 9, article 6 of this title, except that a joint
44 technical education district shall not levy a property tax pursuant to law
45 that exceeds five cents per one hundred dollars assessed valuation except for
46 bond monies pursuant to subsection D, paragraph 1 of this section. Except

1 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
2 from a levy of taxes on the taxable property used for secondary tax purposes.

3 G. The schools in the joint district are available to all persons who
4 reside in the joint district and to pupils whose district of residence **WITHIN**
5 **THIS STATE** is paying tuition on behalf of the pupils to a district of
6 attendance that is a member of the joint technical education district,
7 subject to the rules for admission prescribed by the joint board.

8 H. The joint board may collect tuition for adult students and the
9 attendance of pupils who are residents of school districts that are not
10 participating in the joint district pursuant to arrangements made between the
11 governing board of the district and the joint board.

12 I. The joint board may accept gifts, grants, federal monies, tuition
13 and other allocations of monies to erect, repair and equip buildings and for
14 the cost of operation of the schools of the joint district.

15 J. One member of the joint board shall be selected chairman. The
16 chairman shall be selected annually on a rotation basis from among the
17 participating school districts. The chairman of the joint board shall be a
18 voting member.

19 K. A joint board and a community college district may enter into
20 agreements for the provision of administrative, operational and educational
21 services and facilities.

22 L. Any agreement between the governing board of a joint technical
23 education district and another joint technical education district, a school
24 district, a charter school or a community college district shall be in the
25 form of an intergovernmental agreement or other written contract. The
26 auditor general shall modify the uniform system of financial records and
27 budget forms in accordance with this subsection. The intergovernmental
28 agreement or other written contract shall completely and accurately specify
29 each of the following:

30 1. The financial provisions of the intergovernmental agreement or
31 other written contract and the format for the billing of all services.

32 2. The accountability provisions of the intergovernmental agreement or
33 other written contract.

34 3. The responsibilities of each joint technical education district,
35 each school district, each charter school and each community college district
36 that is a party to the intergovernmental agreement or other written contract.

37 4. The type of instruction that will be provided under the
38 intergovernmental agreement or other written contract, including
39 individualized education programs pursuant to section 15-763.

40 5. The quality of the instruction that will be provided under the
41 intergovernmental agreement or other written contract.

42 6. The transportation services that will be provided under the
43 intergovernmental agreement or other written contract and the manner in which
44 transportation costs will be paid.

1 7. The amount that the joint technical education district will
2 contribute to a course and the amount of support required by the school
3 district or the community college.

4 8. That the services provided by the joint technical education
5 district, the school district, the charter school or the community college
6 district be proportionally calculated in the cost of delivering the service.

7 9. That the payment for services shall not exceed the cost of the
8 services provided.

9 M. On or before December 31 of each year, each joint technical
10 education district shall submit a detailed report to the career and technical
11 education division of the department of education. The career and technical
12 education division of the department of education shall collect, summarize
13 and analyze the data submitted by the joint districts, shall submit an annual
14 report that summarizes the data submitted by the joint districts to the
15 governor, the speaker of the house of representatives, the president of the
16 senate and the state board of education and shall submit a copy of this
17 report to the secretary of state. The data submitted by each joint technical
18 education district shall include the following:

19 1. The average daily membership of the joint district.

20 2. The program listings and program descriptions of programs offered
21 by the joint district, including the course sequences for each program.

22 3. The costs associated with each program offered by the joint
23 district.

24 4. The completion rate for each program offered by the joint district.
25 For the purposes of this paragraph, "completion rate" means the completion
26 rate for students who are designated as concentrators in that program by the
27 department of education under the career and technology approved plan.

28 5. The graduation rate from the school district of residence of
29 students who have completed a program in the joint district.

30 6. A detailed description of the career opportunities available to
31 students after completion of the program offered by the joint district.

32 7. A detailed description of the career placement of students who have
33 completed the program offered by the joint district.

34 8. Any other data deemed necessary by the department of education to
35 carry out its duties under this subsection.

36 N. If the career and technical education division of the department of
37 education determines that a course does not meet the criteria for approval as
38 a joint technical education course, the governing board of the joint
39 technical education district may appeal this decision to the state board of
40 education acting as the state board of vocational education.

41 O. Notwithstanding any other law, the average daily membership for a
42 pupil who is enrolled in a joint technical education course defined in
43 section 15-391 and who does not meet the criteria specified in subsection Q
44 or R of this section shall be 0.25 for each course, except the sum of the
45 average daily membership shall not exceed the limits prescribed by subsection
46 D, Q or R of this section, as applicable.

1 P. If a career and technical education course or program is provided
2 on a satellite campus, the sum of the average daily membership, as provided
3 in section 15-901, subsection A, paragraph 1, for that pupil in both the
4 school district and joint technical education district shall not exceed 1.25.
5 The school district and the joint district shall determine the apportionment
6 of the average daily membership for that pupil between the school district
7 and the joint district. A pupil who attends a course or program at a
8 satellite campus and who is not enrolled in the school district where the
9 satellite campus is located may generate the average daily membership
10 pursuant to this subsection if the pupil is enrolled in a school district
11 that is a member district in the same joint technical education district.

12 Q. The sum of the average daily membership of a pupil who is enrolled
13 in both the school district and joint technical education district course or
14 program provided at a community college pursuant to subsection K of this
15 section or at a centralized campus shall not exceed 1.75. The member school
16 district and the joint district shall determine the apportionment of the
17 average daily membership and student enrollment for that pupil between the
18 member school district and the joint district, except that the amount
19 apportioned shall not exceed 1.0 for either entity. Notwithstanding any
20 other law, the average daily membership for a pupil in grade ten, eleven or
21 twelve who is enrolled in a course that meets for at least one hundred fifty
22 minutes per class period at a centralized campus shall be 0.75. To qualify
23 for funding pursuant to this subsection, a centralized campus shall offer
24 programs and courses to all eligible students in each member district of the
25 joint technical education district.

26 R. The average daily membership for a pupil in grade ten, eleven or
27 twelve who is enrolled in a course that meets for at least one hundred fifty
28 minutes per class period at a leased centralized campus shall not exceed
29 0.75. The sum of the average daily membership, as provided in section
30 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the
31 school district and in joint technical education district courses provided at
32 a leased centralized campus shall not exceed 1.75 if all of the following
33 conditions are met:

34 1. The course qualifies as a joint technical education course as
35 defined in section 15-391.

36 2. The course is offered to all eligible students in each member
37 district of the joint technical education district and enrolls students from
38 multiple high schools.

39 3. The joint technical education district program in which the course
40 is included addresses a specific industry need and has been developed in
41 cooperation with that industry, or the leased facility is a state or federal
42 asset that would otherwise be unused or underutilized.

43 4. The lease is established at fair market value if the lease is
44 executed for a facility located on the site of a member district and was
45 approved by the joint committee on capital review, except that a lease that
46 was executed or renewed before December 31, 2012 is not subject to approval

1 by the joint committee on capital review. The requirement prescribed in this
2 paragraph does not apply from and after December 31, 2016.

3 S. A student who is enrolled in an accommodation school as defined in
4 section 15-101 may be treated as a student of the school district in which
5 the student physically resides for the purposes of enrollment in a joint
6 technical education district and shall be included in the calculation of
7 average daily membership for either the joint technical education district or
8 the accommodation school, or both.

9 T. Notwithstanding any other law, beginning in fiscal year 2011-2012,
10 the student count for a joint technical education district shall be
11 equivalent to the joint technical education district's average daily
12 membership.

13 U. For the purposes of this section:

14 1. "Base year" means the complete school year in which voters of a
15 school district elected to join a joint technical education district.

16 2. "Centralized campus" means a facility that is owned and operated by
17 a joint technical education district for the purpose of offering joint
18 technical education programs or joint technical education courses as defined
19 in section 15-391.

20 3. "Lease" means a written agreement in which the right of occupancy
21 or use of real property is conveyed from one person or entity to another
22 person or entity for a specified period of time.

23 4. "Leased centralized campus" means a facility that is leased and
24 operated by a joint technical education district for the purpose of offering
25 joint technical education programs or joint technical education courses as
26 defined in section 15-391.

27 5. "Satellite campus" means a facility that is owned or operated by a
28 school district for the purpose of offering joint technical education
29 programs or joint technical education courses as defined in section 15-391.

30 Sec. 6. Section 15-792.03, Arizona Revised Statutes, is amended to
31 read:

32 15-792.03. Grand Canyon diploma

33 A. The private organization selected pursuant to section 15-792.02
34 shall develop the Grand Canyon diploma to be approved and adopted by the
35 state board of education. School districts and charter schools in this state
36 may choose to offer a Grand Canyon diploma beginning in the 2012-2013 school
37 year. A high school student who is enrolled in a school district or charter
38 school that offers a Grand Canyon diploma may choose to pursue a Grand Canyon
39 diploma.

40 B. Students are eligible for the Grand Canyon diploma and may be
41 awarded the Grand Canyon diploma at the end of grade ten or during or at the
42 end of grade eleven or twelve if the students meet the criteria. Students
43 who elect to pursue a Grand Canyon diploma shall participate in a board
44 examination system that consists of internationally benchmarked instructional
45 programs of study chosen by an interstate compact on board examination
46 systems.

1 C. Students who are eligible for a Grand Canyon diploma shall have
2 multiple pathways available to them and may:

3 1. Enroll the following ~~fall~~ semester in a community college under the
4 jurisdiction of a community college district in this state. Community
5 colleges under the jurisdiction of a community college district in this state
6 shall admit students who obtain a Grand Canyon diploma and who otherwise meet
7 the qualifications for admission. The school district or charter school from
8 which the student earned the Grand Canyon diploma shall include that student
9 in the school district's or charter school's ~~student-count~~ AVERAGE DAILY
10 MEMBERSHIP and shall continue to receive per pupil funding for a student who
11 earns a Grand Canyon diploma until that student would otherwise have
12 graduated at the end of grade twelve, as long as that student is enrolled as
13 a full-time student in a community college under the jurisdiction of a
14 community college district in this state. The school district or charter
15 school shall subtract twenty per cent of its average daily membership amount
16 and reimburse the community college if the student has earned a Grand Canyon
17 diploma and is attending a community college as a full-time student. If the
18 student attends community college on a community college campus, the school
19 district or charter school shall reimburse the community college district for
20 the amount of operating and capital outlay full-time student equivalency
21 monies. For the purposes of this paragraph, the amount of operating
22 full-time student equivalency monies shall be equivalent to the average
23 appropriation per full-time student equivalent for all community college
24 districts as calculated pursuant to section 15-1466, subsection C,
25 paragraph 2. Fifty per cent of the remaining balance of the per pupil
26 funding shall be used for teacher and pupil incentives, including scholarship
27 programs, to offset the costs of board examinations and to provide customized
28 programs of assistance for students who do not pass the board examinations.
29 The other fifty per cent shall be used for maintenance and operations,
30 including capital. Under this paragraph, a student who earns a Grand Canyon
31 diploma is responsible for tuition. A student who earns a Grand Canyon
32 diploma may enroll in community college courses offered on a community
33 college campus or a high school campus, or both. Notwithstanding any other
34 law, community college districts shall not classify a student who remains in
35 high school pursuant to this paragraph as a full-time equivalent student.
36 Students who take courses on high school campuses pursuant to this paragraph
37 shall be eligible to participate in extracurricular activities, including
38 interscholastic sports, through the end of grade twelve. The expenditure by
39 community college districts of payments from the school district or charter
40 school to the community colleges under this section shall not be included
41 under the district expenditure limitation prescribed pursuant to article IX,
42 section 21, Constitution of Arizona. If the instruction provided under this
43 paragraph is offered on a community college campus, the funding and
44 implementation mechanics between the school district or charter school and
45 the community college shall be determined by agreement between the school
46 district or charter school and the community college.

1 2. Remain in high school and enroll in additional advanced preparation
2 board examination programs that are designed to prepare those students for
3 admission to selective postsecondary institutions that offer baccalaureate
4 degree programs. These board examination programs shall be selected from a
5 list approved by an interstate compact for board examination systems. The
6 school district or charter school from which the student became eligible for
7 the Grand Canyon diploma shall include that student in the school district's
8 or charter school's ~~student-count~~ AVERAGE DAILY MEMBERSHIP and shall continue
9 to receive per pupil funding for a student who is eligible for a Grand Canyon
10 diploma until that student would otherwise have graduated at the end of grade
11 twelve, as long as that student is enrolled in approved advanced preparation
12 board examination programs at that school district or charter school.
13 Students who elect to remain in high school pursuant to this paragraph shall
14 not be prevented from enrolling at a high school after the pupil becomes
15 eligible for a Grand Canyon diploma and shall be eligible to participate in
16 extracurricular activities, including interscholastic sports, through the end
17 of grade twelve.

18 3. Enroll in a full-time career and technical education program
19 offered on a high school campus or a joint technical education district
20 campus, or any combination of these campuses. Students who elect to remain
21 in high school pursuant to this paragraph shall not be prevented from
22 enrolling at a high school after the pupil becomes eligible for a Grand
23 Canyon diploma and shall be eligible to participate in extracurricular
24 activities, including interscholastic sports, through the end of grade
25 twelve. The school district or charter school from which the student became
26 eligible for the Grand Canyon diploma shall include that student in the
27 school district's or charter school's ~~student-count~~ AVERAGE DAILY MEMBERSHIP
28 and shall continue to receive per pupil funding for a student who is eligible
29 for a Grand Canyon diploma until that student would otherwise have graduated
30 at the end of grade twelve, as long as that student is enrolled in an
31 approved full-time career and technical education program. Notwithstanding
32 any other law, if the instruction provided under this paragraph is provided
33 by a joint technical education district in a full-time career and technical
34 education program that is designed to lead to a certificate that is awarded
35 by an industry or recognized as meeting industry standards, the sum of the
36 average daily membership for that pupil shall not exceed 1.25, and the
37 average daily membership shall be apportioned at 1.0 for the joint technical
38 education district and 0.25 for the school district.

39 4. Remain in high school without completing the next level of board
40 examination systems and participate in programs of study available to the
41 students through the school district or charter school. The school district
42 or charter school will continue to include the students in the school
43 district's or charter school's count and shall continue to receive per pupil
44 funding for the students until those students would have otherwise graduated
45 at the end of grade twelve, as long as those students are enrolled in
46 approved programs of study at that school district or charter school.

1 Students who elect to remain in high school pursuant to this paragraph shall
2 be eligible to participate in extracurricular activities, including
3 interscholastic sports.

4 5. If accepted for admission to a university under the jurisdiction of
5 the Arizona board of regents, enroll in the university after completion of
6 additional high school coursework designed to prepare students for admission
7 to selective postsecondary institutions that offer baccalaureate degrees.
8 The school district or charter school from which the student earned the grand
9 canyon diploma shall include that student in the school district's or charter
10 school's ~~student-count~~ AVERAGE DAILY MEMBERSHIP and shall continue to receive
11 per pupil funding for a student who earns a grand canyon diploma until that
12 student would otherwise have graduated at the end of grade twelve for as long
13 as that student is enrolled as a full-time student in the university.
14 One-third of the school district's or charter school's average daily
15 membership amount shall be retained by the school district or the operator of
16 the charter school. One-third of the school district's or charter school's
17 average daily membership amount shall be retained for use at the school site.
18 One-third of the school district's or charter school's average daily
19 membership amount shall be distributed as follows:

20 (a) One-half shall be deposited in a scholarship account established
21 and managed by the school district from which the student graduated
22 specifically for a student who qualifies for the grand canyon diploma and who
23 attends a university under the jurisdiction of the Arizona board of regents
24 as a full-time student.

25 (b) One-half shall be retained by the university where the student is
26 enrolled.

27 D. Students who pursue but do not meet the eligibility requirements
28 for a Grand Canyon diploma at the end of grade ten or eleven shall receive a
29 customized program of assistance during the next school year that addresses
30 areas in which the student demonstrated deficiencies in the approved board
31 examinations. These students may retake the board examinations at the next
32 available examination administration. Students may choose to return to a
33 traditional academic program without completing the board examination system
34 curriculum.

35 E. The private organization selected pursuant to section 15-792.02
36 shall develop detailed requirements for students to become eligible for the
37 Grand Canyon diploma, as approved and adopted by the state board of
38 education, that include at least the following:

39 1. Demonstrated skills and knowledge in English and mathematical
40 literacy to be successful in college level courses offered by the community
41 colleges in this state that count toward a degree or certificate without
42 taking remedial or developmental coursework as determined by an interstate
43 compact on board examination systems.

44 2. Satisfactory grades on approved board examinations in subjects
45 determined to be necessary to prepare a student to enter community college
46 without remedial or developmental coursework and that do not include

1 coursework required exclusively for entry into an institution that awards
2 baccalaureate degrees.

3 Sec. 7. Section 15-901, Arizona Revised Statutes, is amended to read:
4 15-901. Definitions

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

6 1. "Average daily membership" means the total enrollment of fractional
7 students and full-time students, minus withdrawals, of each school day
8 through the first one hundred days or two hundred days in session, as
9 applicable, for the current year. Withdrawals include students formally
10 withdrawn from schools and students absent for ten consecutive school days,
11 except for excused absences identified by the department of education. For
12 the purposes of this section, school districts and charter schools shall
13 report student absence data to the department of education at least once
14 every sixty days in session. For computation purposes, the effective date of
15 withdrawal shall be retroactive to the last day of actual attendance of the
16 student or excused absence.

17 (a) "Fractional student" means:

18 (i) For common schools, a preschool child who is enrolled in a program
19 for preschool children with disabilities of at least three hundred sixty
20 minutes each week THAT MEETS AT LEAST TWO HUNDRED SIXTEEN HOURS OVER THE
21 MINIMUM NUMBER OF DAYS or a kindergarten student WHO IS at least five years
22 of age before January 1 of the school year and enrolled in a school
23 kindergarten program that meets at least three hundred fifty-six hours for a
24 one hundred eighty day school year, or the instructional hours prescribed in
25 this section. Lunch periods and recess periods may not be included as part
26 of the instructional hours unless the child's individualized education
27 program requires instruction during those periods and the specific reasons
28 for such instruction are fully documented. In computing the average daily
29 membership, preschool children with disabilities and kindergarten students
30 shall be counted as one-half of a full-time student. For common schools, a
31 part-time student is a student enrolled for less than the total time for a
32 full-time student as defined in this section. A part-time common school
33 student shall be counted as one-fourth, one-half or three-fourths of a
34 full-time student if the student is enrolled in an instructional program that
35 is at least one-fourth, one-half or three-fourths of the time a full-time
36 student is enrolled as defined in subdivision (b) of this paragraph.

37 (ii) For high schools, a part-time student who is enrolled in less
38 than four subjects that count toward graduation as defined by the state board
39 of education, each of which, if taught each school day for the minimum number
40 of days required in a school year, would meet a minimum of one hundred
41 twenty-three hours a year, or the equivalent, in a recognized high school.
42 The average daily membership of a part-time high school student shall be 0.75
43 if the student is enrolled in an instructional program of three subjects that
44 meet at least five hundred forty hours for a one hundred eighty day school
45 year, or the instructional hours prescribed in this section. The average
46 daily membership of a part-time high school student shall be 0.5 if the

1 student is enrolled in an instructional program of two subjects that meet at
2 least three hundred sixty hours for a one hundred eighty day school year, or
3 the instructional hours prescribed in this section. The average daily
4 membership of a part-time high school student shall be 0.25 if the student is
5 enrolled in an instructional program of one subject that meets at least one
6 hundred eighty hours for a one hundred eighty day school year, or the
7 instructional hours prescribed in this section.

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

9 (i) For common schools, a student who is at least six years of age
10 before January 1 of a school year, who has not graduated from the highest
11 grade taught in the school district and who is regularly enrolled in a course
12 of study required by the state board of education. First, second and third
13 grade students, ~~ungraded students at least six, but under nine, years of age~~
14 ~~by September 1~~ or ungraded group B children with disabilities who are at
15 least five, but under six, years of age by September 1 must be enrolled in an
16 instructional program that meets for a total of at least seven hundred twelve
17 hours for a one hundred eighty day school year, or the instructional hours
18 prescribed in this section. Fourth, fifth and sixth grade students ~~or~~
19 ~~ungraded students at least nine, but under twelve, years of age by September~~
20 ~~1~~ must be enrolled in an instructional program that meets for a total of at
21 least eight hundred ninety hours for a one hundred eighty day school year, or
22 the instructional hours prescribed in this section. Seventh and eighth grade
23 students ~~or ungraded students at least twelve, but under fourteen, years of~~
24 ~~age by September 1~~ must be enrolled in an instructional program that meets
25 for at least one thousand hours. Lunch periods and recess periods may not be
26 included as part of the instructional hours unless the student is a child
27 with a disability and the child's individualized education program requires
28 instruction during those periods and the specific reasons for such
29 instruction are fully documented.

30 (ii) For high schools, a student not graduated from the highest grade
31 taught in the school district, ~~or an ungraded student at least fourteen years~~
32 ~~of age by September 1~~, and enrolled in at least an instructional program of
33 four or more subjects that count toward graduation as defined by the state
34 board of education, each of which, if taught each school day for the minimum
35 number of days required in a school year, would meet a minimum of one hundred
36 twenty-three hours a year, or the equivalent, that meets for a total of at
37 least seven hundred twenty hours for a one hundred eighty day school year, or
38 the instructional hours prescribed in this section in a recognized high
39 school. A full-time student shall not be counted more than once for
40 computation of average daily membership. The average daily membership of a
41 full-time high school student shall be 1.0 if the student is enrolled in at
42 least four subjects that meet at least seven hundred twenty hours for a one
43 hundred eighty day school year, or the equivalent instructional hours
44 prescribed in this section.

45 (iii) If a child who has not reached five years of age before
46 September 1 of the current school year is admitted to kindergarten and

1 repeats kindergarten in the following school year, a school district or
2 charter school is not eligible to receive basic state aid on behalf of that
3 child during the child's second year of kindergarten. If a child who has not
4 reached five years of age before September 1 of the current school year is
5 admitted to kindergarten but does not remain enrolled, a school district or
6 charter school may receive a portion of basic state aid on behalf of that
7 child in the subsequent year. A school district or charter school may charge
8 tuition for any child who is ineligible for basic state aid pursuant to this
9 item.

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

13 (v) Except as otherwise provided by law, for any student who is
14 concurrently enrolled in a school district and a charter school, the average
15 daily membership shall be apportioned between the school district and the
16 charter school and shall not exceed 1.0. The apportionment shall be based on
17 the percentage of total time that the student is enrolled in or in attendance
18 at the school district and the charter school.

19 (vi) Except as otherwise provided by law, for any student who is
20 concurrently enrolled, pursuant to section 15-808, in a school district and
21 Arizona online instruction or a charter school and Arizona online
22 instruction, the average daily membership shall be apportioned between the
23 school district and Arizona online instruction or the charter school and
24 Arizona online instruction and shall not exceed 1.0. The apportionment shall
25 be based on the percentage of total time that the student is enrolled in or
26 in attendance at the school district and Arizona online instruction or the
27 charter school and Arizona online instruction.

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

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

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

35 (a) Grades one through eight.

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

37 4. "Current year" means the fiscal year in which a school district is
38 operating.

39 5. "Daily attendance" means:

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

41 (i) Of a kindergarten program or ungraded, but not group B children
42 with disabilities, and at least five, but under six, years of age by
43 September 1 attends at least three-quarters of the instructional time
44 scheduled for the day. If the total instruction time scheduled for the year
45 is at least three hundred fifty-six hours but is less than seven hundred
46 twelve hours, such attendance shall be counted as one-half day of attendance.

1 If the instructional time scheduled for the year is at least six hundred
2 ninety-two hours, "daily attendance" means days in which a pupil attends at
3 least one-half of the instructional time scheduled for the day. Such
4 attendance shall be counted as one-half day of attendance.

5 (ii) Of the first, second or third grades, ~~ungraded and at least six,~~
6 ~~but under nine, years of age by September 1 or ungraded group B children with~~
7 ~~disabilities and at least five, but under six, years of age by September 1~~
8 attends more than three-quarters of the instructional time scheduled for the
9 day.

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

14 (iv) Of the seventh or eighth grades ~~or ungraded and at least twelve,~~
15 ~~but under fourteen, years of age by September 1~~ attends more than
16 three-quarters of the instructional time scheduled for the day, except as
17 provided in section 15-797.

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

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

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

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

36 (d) For high schools ~~or ungraded schools in which the pupil is at~~
37 ~~least fourteen years of age by September 1~~, the attendance of a pupil shall
38 not be counted as a full day unless the pupil is actually and physically in
39 attendance and enrolled in and carrying four subjects, each of which, if
40 taught each school day for the minimum number of days required in a school
41 year, would meet a minimum of one hundred twenty-three hours a year, or the
42 equivalent, that count toward graduation in a recognized high school except
43 as provided in section 15-797 and subdivision (e) of this paragraph.
44 Attendance of a pupil carrying less than the load prescribed shall be
45 prorated.

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

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

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

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

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

21 (b) The total number of miles driven daily on routes approved by the
22 superintendent of public instruction for which a private party, a political
23 subdivision or a common or a contract carrier is reimbursed for bringing an
24 eligible student from the place of his residence to a school transportation
25 pickup point or to the school of attendance and from the school
26 transportation scheduled return point or from the school of attendance to his
27 residence. Daily route mileage includes the total number of miles necessary
28 to drive to transport eligible students from and to their residence as
29 provided in this paragraph.

30 7. "District support level" means the base support level plus the
31 transportation support level.

32 8. "Eligible students" means:

33 (a) Students who are transported by or for a school district and who
34 qualify as full-time students or fractional students, except students for
35 whom transportation is paid by another school district or a county school
36 superintendent, and:

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

45 (ii) For high school students, whose place of actual residence within
46 the school district is more than one and one-half miles from the school

1 facility of attendance or students who are admitted pursuant to section
2 15-816.01 and who meet the economic eligibility requirements established
3 under the national school lunch and child nutrition acts (42 United States
4 Code sections 1751 through 1785) for free or reduced price lunches and whose
5 actual place of residence outside the school district boundaries is more than
6 one and one-half miles from the school facility of attendance.

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

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

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

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

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

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

29 12. "Revenue control limit" means the base revenue control limit plus
30 the transportation revenue control limit.

31 13. "Student count" means average daily membership as prescribed in
32 this subsection for the fiscal year before the current year, except that for
33 the purpose of budget preparation student count means average daily
34 membership as prescribed in this subsection for the current year.

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

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

39 16. "Total students transported" means all eligible students
40 transported from their place of residence to a school transportation pickup
41 point or to the school of attendance and from the school of attendance or
42 from the school transportation scheduled return point to their place of
43 residence.

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

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

2 1. "Base" means the revenue level per student count specified by the
3 legislature.

4 2. "Base level" means the following amounts plus the percentage
5 increases to the base level as provided in sections 15-902.04, 15-918.04,
6 15-919.04 and 15-952, except that if a school district or charter school is
7 eligible for an increase in the base level as provided in two or more of
8 these sections, the base level amount shall be calculated by compounding
9 rather than adding the sum of one plus the percentage of the increase from
10 those different sections:

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

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

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

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

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

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

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

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

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

38 8. "ED-P" means programs for children with emotional disabilities who
39 are enrolled in private special education programs as prescribed in section
40 15-765, subsection D, paragraph 1 or in an intensive school district program
41 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

12 12. "Group B" means educational improvements for pupils in kindergarten
13 programs and grades one through three, educational programs for autism, a
14 hearing impairment, a moderate intellectual disability, multiple
15 disabilities, multiple disabilities with severe sensory impairment,
16 orthopedic impairments, preschool severe delay, a severe intellectual
17 disability and emotional disabilities for school age pupils enrolled in
18 private special education programs or in school district programs for
19 children with severe disabilities or visual impairment and English learners
20 enrolled in a program to promote English language proficiency pursuant to
21 section 15-752.

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

23 14. "Homebound" or "hospitalized" means a pupil who is capable of
24 profiting from academic instruction but is unable to attend school due to
25 illness, disease, accident or other health conditions, who has been examined
26 by a competent medical doctor and who is certified by that doctor as being
27 unable to attend regular classes for a period of not less than three school
28 months or a pupil who is capable of profiting from academic instruction but
29 is unable to attend school regularly due to chronic or acute health problems,
30 who has been examined by a competent medical doctor and who is certified by
31 that doctor as being unable to attend regular classes for intermittent
32 periods of time totaling three school months during a school year. The
33 medical certification shall state the general medical condition, such as
34 illness, disease or chronic health condition, that is the reason that the
35 pupil is unable to attend school. Homebound or hospitalized includes a
36 student who is unable to attend school for a period of less than three months
37 due to a pregnancy if a competent medical doctor, after an examination,
38 certifies that the student is unable to attend regular classes due to risk to
39 the pregnancy or to the student's health.

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

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

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

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

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

3 20. "MOID" means programs for pupils with moderate intellectual
4 disability.

5 21. "OI-R" means a resource program for pupils with orthopedic
6 impairments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 Sec. 8. Section 15-902.03, Arizona Revised Statutes, is amended to
44 read:

45 15-902.03. Procedures for determining average daily membership

1 A. The department of education shall ~~compute~~ RECOMPUTE and aggregate
2 average daily membership for the ~~current~~ PREVIOUS FISCAL year no later than
3 ~~April 15~~ AUGUST 30, ~~and shall not further aggregate student data after April~~
4 ~~15 for the current year~~. The department shall inform school districts and
5 charter schools of their final average daily membership ~~counts~~ no later than
6 ~~April 22 of the current year~~ SEPTEMBER 15. ~~School districts shall use these~~
7 ~~student counts to determine the average daily membership for the budget year.~~
8 NO LATER THAN NOVEMBER 1 OF EACH YEAR, STATE AID CALCULATIONS FOR ALL SCHOOL
9 DISTRICTS AND CHARTER SCHOOLS FOR THE PREVIOUS FISCAL YEAR MUST BE FINALIZED
10 AND THE BUDGET LIMITS FOR SCHOOL DISTRICTS MUST BE ADJUSTED. Any future
11 adjustments in student counts, if discovered by the school district or
12 charter school ~~after April 15~~, shall be made pursuant to section 15-915.
13 ~~This subsection does not apply to Arizona online instruction.~~

14 B. Notwithstanding subsection A of this section, school districts may
15 continue to make budget adjustments pursuant to section 15-905, make
16 corrections pursuant to section 15-915 and use the adjustment for growth in
17 student count pursuant to section 15-948.

18 Sec. 9. Section 15-923, Arizona Revised Statutes, is amended to read:
19 15-923. Contracts for transportation

20 A. As an alternative to maintaining and operating a transportation
21 program or in conjunction with a transportation program, a school district
22 may, if it is found to be economically advantageous, contract for
23 transportation. Contracts may be with another political subdivision, a
24 common or contract carrier or a private party.

25 B. In addition to other powers and duties prescribed by title 11,
26 chapter 2, article 4, any board of supervisors may at the request of any or
27 all of the governing boards of the school districts within the county provide
28 necessary student transportation. If the board of supervisors and the
29 governing board or boards of such school districts mutually agree that such
30 an arrangement is economically advantageous, the governing board of the
31 school district is authorized to sell or lease its bus or buses to the board
32 of supervisors for such purposes. Agreement between the parties shall be by
33 written contract.

34 C. ~~In no event shall~~ An eligible student who is transported part by
35 contract and part by school district transportation facilities MAY NOT be
36 counted as more than one eligible student.

37 D. MILES DRIVEN TO TRANSPORT ELIGIBLE STUDENTS MAY NOT BE REPORTED AS
38 DAILY ROUTE MILES BY MORE THAN ONE SCHOOL DISTRICT.

39 ~~D-~~ E. Each school district shall submit electronically to the
40 department of education the routes contracted, the contractor contract
41 information, the number of eligible students transported by each contractor
42 and any additional information requested by the department of education.

43 Sec. 10. Section 15-941, Arizona Revised Statutes, is amended to read:
44 15-941. Teacher experience index; computation; definition

45 A. The teacher experience index for each school district shall be
46 computed as follows:

$$\begin{array}{r}
 1 \qquad \qquad \qquad 15 \text{ (or more)} \times \\
 2 \qquad \qquad \qquad \qquad \qquad \text{Total} \\
 3 \qquad \qquad \qquad \qquad \qquad \qquad \qquad \frac{\quad}{C} \\
 4 \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad = \qquad \qquad \frac{\quad}{D}
 \end{array}$$

5 4. Divide total D by total C to determine the average number of FTE
 6 years of experience of FTE certified teachers in the state.

7 5. Subtract the quotient obtained in paragraph 4 from the quotient
 8 obtained in paragraph 2 and multiply the remainder by 0.0225.

9 6. Add 1.00 to the product obtained in paragraph 5.

10 B. Librarians, guidance counselors, curriculum coordinators and other
 11 personnel who do not conduct regularly scheduled classes shall not be
 12 included as certified teachers and shall be coded separately from certified
 13 teachers in the uniform system of financial records.

14 C. Each school district shall on or before October 15 submit to the
 15 superintendent of public instruction in electronic format the data prescribed
 16 in subsection A, paragraphs 1 and 2 OF THIS SECTION for the current year.
 17 The superintendent of public instruction shall use the data to compute the
 18 teacher experience index of each school district for the budget year.

19 D. The superintendent of public instruction ~~shall~~ on or before ~~March~~
 20 ~~15~~ FEBRUARY 1 SHALL notify each school district of its PRELIMINARY teacher
 21 experience index for the budget year. Between ~~March 15~~ FEBRUARY 1 and ~~April~~
 22 ~~15~~ MARCH 1, a school district may submit corrections to data that it
 23 submitted pursuant to subsection C OF THIS SECTION and the superintendent of
 24 public instruction on or before ~~April~~ MARCH 15 shall recompute the teacher
 25 experience index for ~~the district~~ ALL SCHOOL DISTRICTS for the budget year
 26 using the corrected data. ~~The teacher experience index for a school district~~
 27 ~~that does not submit data corrections between March 15 and April 15 shall be~~
 28 ~~the teacher experience index computed for the district by the superintendent~~
 29 ~~of public instruction on or before March 15. A school district that submits~~
 30 ~~data corrections pursuant to this subsection shall submit a letter explaining~~
 31 ~~the need for the corrections to the superintendent of public instruction and~~
 32 ~~the chairman of the joint legislative budget committee.~~ The teacher
 33 experience index for the budget year shall not be recalculated after ~~April~~
 34 MARCH 15 unless the superintendent of public instruction determines that the
 35 school district has submitted data resulting in an overstatement of the
 36 teacher experience index for the budget year.

37 E. For the purposes of this section, "number of years of experience"
 38 means the number of years of classroom instruction conducted by a certified
 39 teacher in the school district in which the certified teacher is currently
 40 employed, including the number of years of experience of the certified
 41 teacher granted by the school district for the certified teacher on the
 42 district's salary schedule for experience outside of the school district.

43 Sec. 11. Section 15-946, Arizona Revised Statutes, is amended to read:
 44 15-946. Transportation revenue control limit

1 A. The transportation revenue control limit for each school district
2 for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as
3 follows:

4 1. Determine the adopted operational expenditure budget for pupil
5 transportation for the fiscal year 1984-1985 effective January 1, 1985.

6 2. Determine the transportation revenue control limit for the school
7 district for the fiscal year 1984-1985 as provided in this section before
8 April 18, 1985.

9 3. If the school district's transportation revenue control limit for
10 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
11 equal to or greater than the amount determined in paragraph 1 of this
12 subsection, the transportation revenue control limit for the fiscal year
13 1985-1986 is the change in the transportation support level from the fiscal
14 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue
15 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of
16 this subsection. For the fiscal years 1986-1987 and 1987-1988 the
17 transportation revenue control limit is the transportation revenue control
18 limit for the current year plus the change in the transportation support
19 level for the current year to the budget year.

20 4. If the school district's transportation revenue control limit for
21 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
22 less than the amount determined in paragraph 1 of this subsection, the
23 transportation revenue control limit for the fiscal year 1985-1986 is the sum
24 of the following:

25 (a) The transportation revenue control limit for the school district
26 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.

27 (b) The change in the transportation support level from the fiscal
28 year 1984-1985 to the fiscal year 1985-1986.

29 (c) One-third of the amount obtained by subtracting the transportation
30 revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of
31 this subsection from the amount determined in paragraph 1 of this subsection.

32 5. If the transportation revenue control limit of the school district
33 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection
34 is less than the amount determined in paragraph 1 of this subsection, the
35 transportation revenue control limit for the fiscal years 1986-1987 and
36 1987-1988 is the sum of the following:

37 (a) The transportation revenue control limit for the current year.

38 (b) The change in the transportation support level from the current
39 year to the budget year.

40 (c) One-third of the amount obtained by subtracting the transportation
41 revenue control limit for the fiscal year 1984-1985 as provided in paragraph
42 2 of this subsection from the amount determined in paragraph 1 of this
43 subsection.

44 B. The transportation revenue control limit for each school district
45 for the fiscal year 1988-1989 and each year thereafter shall be the
46 transportation revenue control limit for the current year plus the increase

1 in the transportation support level from the current year to the budget year,
2 except that for fiscal year 2006-2007 and for each fiscal year thereafter,
3 the transportation revenue control limit shall not increase if the
4 transportation revenue control limit is more than one hundred twenty per cent
5 of the transportation support level. ~~For a school district that sponsors a~~
6 ~~charter school, its transportation revenue control limit for the budget year~~
7 ~~shall be calculated as follows:~~

8 ~~1. Calculate separately, as prescribed by the department of education,~~
9 ~~the total transportation support level for the current year for all charter~~
10 ~~schools under the district's sponsorship in the current year.~~

11 ~~2. Calculate separately, as prescribed by the department of education,~~
12 ~~the total transportation support level for the budget year for all charter~~
13 ~~schools under the district's sponsorship in the budget year.~~

14 ~~3. Subtract the amount determined in paragraph 2 of this subsection~~
15 ~~from the amount determined in paragraph 1 of this subsection. If the result~~
16 ~~is zero or less, use zero in paragraph 4 of this subsection.~~

17 ~~4. Subtract the amount determined in paragraph 3 of this subsection~~
18 ~~from the district's transportation revenue control limit for the current~~
19 ~~year. This is the adjusted transportation revenue control limit for the~~
20 ~~current year.~~

21 ~~5. The transportation revenue control limit for the budget year is the~~
22 ~~adjusted transportation revenue control limit for the current year determined~~
23 ~~in paragraph 4 of this subsection plus the increase in the transportation~~
24 ~~support level from the current year to the budget year.~~

25 C. Notwithstanding subsection B of this section, if the transportation
26 support level of a school district exceeds the transportation revenue control
27 limit in any budget year, the transportation revenue control limit shall be
28 adjusted in that budget year and every budget year thereafter to equal the
29 transportation support level.

30 Sec. 12. Section 15-980, Arizona Revised Statutes, is amended to read:

31 15-980. Uncollected property tax; property tax loss;
32 supplemental state aid

33 A. A SCHOOL DISTRICT IS ELIGIBLE FOR SUPPLEMENTAL STATE AID PURSUANT
34 TO THIS SECTION if a county treasurer certifies to a school district after
35 January 1 that, in the treasurer's reasonable belief, more than twenty per
36 cent of the primary property tax revenues that the school district is
37 entitled by law to receive pursuant to section 42-18052 will not be remitted
38 to the district due to ONE OF THE FOLLOWING CIRCUMSTANCES:

39 ~~1. Property tax delinquencies, the district is eligible for~~
40 ~~supplemental state aid pursuant to this section.~~

41 ~~2. A LOSS OF PROPERTY TAX REVENUE RESULTING FROM A DECREASE IN~~
42 ~~ASSESSED VALUATION DUE TO A NATURAL DISASTER SUCH AS FIRE OR FLOOD.~~

43 B. On receiving a certificate pursuant to subsection A of this
44 section, the school district may apply to the department of education for
45 supplemental state aid. The application shall include the county treasurer's
46 certified estimate of the total amount of uncollected primary property taxes

1 OR THE AMOUNT OF LOST PROPERTY TAX REVENUE for the school district for the
2 tax year payable in the current fiscal year.

3 C. Within forty-five days after receiving a complete and correct
4 application, the state board of education shall pay to the school district
5 from amounts appropriated for state aid the amount determined in subsection B
6 of this section. The department of education shall notify the county
7 treasurer and the county school superintendent of the amount and the date of
8 the payment of the supplemental state aid. Supplemental state aid paid under
9 this section shall be excluded from the calculation made pursuant to section
10 15-973, subsection C.

11 D. The superintendent of a school district that receives supplemental
12 state aid DUE TO DELINQUENT PROPERTY TAXES PURSUANT TO SUBSECTION A,
13 PARAGRAPH 1 OF THIS SECTION shall report to the department of education
14 between May 5 and May 25 the actual amount of primary property taxes that
15 ~~were~~ WAS not collected and remitted to the district during the current fiscal
16 year, based on information from the county treasurer. If the amount of
17 supplemental state aid paid pursuant to subsection C of this section exceeds
18 the actual amount of the uncollected primary property taxes that the district
19 is entitled to receive, the state board of education shall deduct the
20 difference between the amount of supplemental state aid paid and the amount
21 of the uncollected primary property taxes from the June 15 and, if necessary,
22 subsequent apportionments of state aid pursuant to section 15-973,
23 subsection B.

24 E. Beginning on June 1 after the payment of supplemental state aid,
25 the county school superintendent shall report quarterly to the department of
26 education the amount of any payments of delinquent primary property taxes
27 received by the district during the previous quarter with respect to a tax
28 year for which the supplemental state aid was paid and not previously
29 deducted from state aid pursuant to subsection D of this section. The
30 department shall deduct the amount reported from the next apportionment of
31 state aid to the district pursuant to section 15-973, subsection B until the
32 supplemental state aid is repaid. If the district does not receive any
33 apportionment pursuant to section 15-973, subsection B, the department shall
34 direct the school district superintendent to pay that amount to the state
35 treasurer for deposit in the state general fund.

36 F. A SCHOOL DISTRICT THAT RECEIVES SUPPLEMENTAL STATE AID DUE TO LOSS
37 OF ASSESSED VALUATION PURSUANT TO SUBSECTION A, PARAGRAPH 2 OF THIS SECTION
38 MAY RECEIVE SUPPLEMENTAL STATE AID FOR UP TO THREE FISCAL YEARS. THE AMOUNT
39 OF SUPPLEMENTAL STATE AID SHALL BE REDUCED EACH YEAR BY ONE-THIRD AND ANY
40 INCREASED PROPERTY TAX REVENUE DUE TO HIGHER ASSESSED VALUATION.

41 Sec. 13. Retroactivity

42 This act applies retroactively to from and after June 30, 2014.

APPROVED BY THE GOVERNOR APRIL 24, 2014.

S.B. 1350

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 24, 2014.