

HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **HB 2683**

Olson Floor Amendment

HB 2683 is the K-12 Education Budget Reconciliation Bill for FY 2016.

The 12-Page Olson Floor Amendment dated 03/07/15 at 1:24 A.M. makes the following changes:

- Reinserts the authority for a district to sponsor a charter school and accompanying statutory references.
- Removes the Small School Weight (SSW) phase out for charter schools whose charter holder operates multiple charter schools.
- Applies the SSW to charter schools if the charter holder combines the Average Daily Membership (ADM) of the charter holder's school sites for the SSW calculation.
- Specifies that SSWs are not applied individually to a charter holder if certain conditions exist and the combined ADM derived from the conditions is greater than 600.
 - Reduces SSW amounts for charter schools by 33% in FY 2016 and 67% in FY 2017.
- Determines that the 92.5% reduction for concurrently enrolled Joint Technical Education District (JTED) students in FY 2017 applies to students enrolled in a JTED satellite campus program.
- Restricts a school district from prohibiting or discouraging students enrolled in the district from attending JTED courses and permits a school district or charter that experiences a reduction in funding for JTED students to use a portion of the JTED monies that it receives to offset the loss.
- Determines grants, gifts, devises and donations in the Access Our Best Public Schools Fund to be continuously appropriated.
- Reduces the required combined dollar reduction in lease purchase payments for the School Facilities Board to enter into a refinancing agreement from \$14 million to \$7 million.
- Declares that it is the intent of the Legislature to phase out district-sponsored charter schools by FY 2017.

Amendment explanation prepared by Aaron Wonders

Phone Number 926-3458

lcs

3/6/2015

- Funds incremental monies for district-sponsored charter schools at 50% in FY 2016.
- Directs the Arizona Department of Education (ADE) to notify districts on the implementation plan for current-year funding by December 15, 2015.
- Requires ADE to report the estimated fiscal impact on individual school districts for FY 2017 to the Governor, the Legislature, JLBC and the Governor's Office of Strategic Planning and Budgeting.

OLSON FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2683
(Reference to printed bill)

1 Page 1, strike lines 2 through 44

2 Strike pages 2 through 21

3 Page 22, strike lines 1 through 14, insert:

4 "Section 1. Section 15-185, Arizona Revised Statutes, is amended to
5 read:

6 15-185. Charter schools; financing; civil penalty;
7 transportation; definition

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

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

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

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

2 (a) Increase its student count as provided in subsection B, paragraph
3 2 of this section during the first year of the charter school's operation to
4 include those charter school pupils who were not previously enrolled in the
5 school district. A charter school sponsored by a school district governing
6 board is eligible for the charter additional assistance prescribed in
7 subsection B, paragraph 4 of this section. The district additional
8 assistance allocation as provided in section 15-961 for the school district
9 sponsoring the charter school shall be increased by the amount of the charter
10 additional assistance. The school district shall include the full amount of
11 the charter additional assistance in the funding provided to the charter
12 school.

13 (b) Compute separate weighted student counts pursuant to section
14 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
15 school pupils in order to maintain eligibility for small school district
16 support level weights authorized in section 15-943, paragraph 1 for its
17 noncharter school pupils only. The portion of a district's student count
18 that is attributable to charter school pupils is not eligible for small
19 school district support level weights.

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

24 5. A school district that sponsors a charter school is not eligible to
25 include the charter school pupils in its student count for the purpose of
26 computing an increase in its district additional assistance as provided in
27 section 15-961, subsection B, except that if the charter school was
28 previously a school in the district, the district may include in its student
29 count any charter school pupils who were enrolled in the school district in
30 the prior year.

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

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

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

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

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

23 (b) THE SMALL SCHOOL WEIGHTS PRESCRIBED IN SECTION 15-943, PARAGRAPH 1
24 APPLY IF A CHARTER HOLDER, AS DEFINED IN SECTION 15-101, HOLDS ONE CHARTER
25 FOR ONE OR MORE SCHOOL SITES AND THE AVERAGE DAILY MEMBERSHIP FOR THE SCHOOL
26 SITES ARE COMBINED FOR THE CALCULATION OF THE SMALL SCHOOL WEIGHT. THE SMALL
27 SCHOOL WEIGHT SHALL NOT BE APPLIED INDIVIDUALLY TO A CHARTER HOLDER IF ONE OR
28 MORE OF THE FOLLOWING CONDITIONS EXISTS AND THE COMBINED AVERAGE DAILY
29 MEMBERSHIP DERIVED FROM THE FOLLOWING CONDITIONS IS GREATER THAN SIX HUNDRED:

30 (i) THE ORGANIZATIONAL STRUCTURE OR MANAGEMENT AGREEMENT OF THE
31 CHARTER HOLDER REQUIRES THE CHARTER HOLDER OR CHARTER SCHOOL TO CONTRACT WITH
32 A SPECIFIC MANAGEMENT COMPANY.

1 (ii) THE GOVERNING BODY OF THE CHARTER HOLDER HAS IDENTICAL MEMBERSHIP
2 TO ANOTHER CHARTER HOLDER IN THIS STATE.

3 (iii) THE CHARTER HOLDER IS A SUBSIDIARY OF A CORPORATION THAT HAS
4 OTHER SUBSIDIARIES THAT ARE CHARTER HOLDERS IN THIS STATE.

5 (iv) THE CHARTER HOLDER HOLDS ONE OR MORE CHARTERS IN THIS STATE.

6 (c) NOTWITHSTANDING SUBDIVISION (b) OF THIS PARAGRAPH, FOR FISCAL YEAR
7 2015-2016 THE DEPARTMENT OF EDUCATION SHALL REDUCE BY THIRTY-THREE PERCENT
8 THE AMOUNT PROVIDED BY THE SMALL SCHOOL WEIGHT FOR CHARTER SCHOOLS PRESCRIBED
9 IN SUBDIVISION (b) OF THIS PARAGRAPH.

10 (d) NOTWITHSTANDING SUBDIVISION (b) OF THIS PARAGRAPH, FOR FISCAL YEAR
11 2016-2017 THE DEPARTMENT OF EDUCATION SHALL REDUCE BY SIXTY-SEVEN PERCENT THE
12 AMOUNT PROVIDED BY THE SMALL SCHOOL WEIGHT FOR AFFILIATED CHARTER SCHOOLS
13 PRESCRIBED IN SUBDIVISION (b) OF THIS PARAGRAPH.

14 2. Notwithstanding paragraph 1 of this subsection, the student count
15 shall be determined initially using an estimated student count based on
16 actual registration of pupils before the beginning of the school year.
17 Notwithstanding section 15-1042, subsection F, student level data submitted
18 to the department may be used to determine estimated student counts. After
19 the first forty days, one hundred days or two hundred days in session, as
20 applicable, the charter school shall revise the student count to be equal to
21 the actual average daily membership, as defined in section 15-901, of the
22 charter school. Before the fortieth day, one hundredth day or two hundredth
23 day in session, as applicable, the state board of education, the state board
24 for charter schools, the sponsoring university, the sponsoring community
25 college district or the sponsoring group of community college districts may
26 require a charter school to report periodically regarding pupil enrollment
27 and attendance, and the department of education may revise its computation of
28 equalization assistance based on the report. A charter school shall revise
29 its student count, base support level and charter additional assistance
30 before May 15. A charter school that overestimated its student count shall
31 revise its budget before May 15. A charter school that underestimated its
32 student count may revise its budget before May 15.

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

4 4. Equalization assistance for the charter school shall be determined
5 by adding the amount of the base support level and charter additional
6 assistance. The amount of the charter additional assistance is one thousand
7 seven hundred ~~seven~~ THIRTY-FOUR dollars ~~seventy-seven~~ NINETY-TWO cents per
8 student count in preschool programs for children with disabilities,
9 kindergarten programs and grades one through eight and ~~one~~ TWO thousand ~~nine~~
10 ~~hundred-ninety~~ TWENTY-TWO dollars ~~thirty-eight~~ TWO cents per student count in
11 grades nine through twelve.

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

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

21 7. Not later than noon on the day preceding each apportionment date
22 established by paragraph 5 of this subsection, the superintendent of public
23 instruction shall furnish to the state treasurer an abstract of the
24 apportionment and shall certify the apportionment to the department of
25 administration, which shall draw its warrant in favor of the charter schools
26 for the amount apportioned.

27 C. If a pupil is enrolled in both a charter school and a public school
28 that is not a charter school, the sum of the daily membership, which includes
29 enrollment as prescribed in section 15-901, subsection A, paragraph 1,
30 subdivisions (a) and (b) and daily attendance as prescribed in section
31 15-901, subsection A, paragraph 5, for that pupil in the school district and
32 the charter school shall not exceed 1.0. If a pupil is enrolled in both a

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

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

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

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

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

1 E. If a charter school was a district public school in the prior year
2 and is now being operated for or by the same school district and sponsored by
3 the state board of education, the state board for charter schools, a
4 university, a community college district, a group of community college
5 districts or a school district governing board, the reduction in subsection D
6 of this section applies. The reduction to the base support level of the
7 charter school or the sponsoring district of the charter school shall equal
8 the sum of the base support level and the charter additional assistance
9 received in the current year for those pupils who were enrolled in the
10 traditional public school in the prior year and are now enrolled in the
11 charter school in the current year.

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

15 G. At the request of a charter school, the county school
16 superintendent of the county where the charter school is located may provide
17 the same educational services to the charter school as prescribed in section
18 15-308, subsection A. The county school superintendent may charge a fee to
19 recover costs for providing educational services to charter schools.

20 H. If the sponsor of the charter school determines at a public meeting
21 that the charter school is not in compliance with federal law, with the laws
22 of this state or with its charter, the sponsor of a charter school may submit
23 a request to the department of education to withhold up to ten ~~per cent~~
24 PERCENT of the monthly apportionment of state aid that would otherwise be due
25 the charter school. The department of education shall adjust the charter
26 school's apportionment accordingly. The sponsor shall provide written notice
27 to the charter school at least seventy-two hours before the meeting and shall
28 allow the charter school to respond to the allegations of noncompliance at
29 the meeting before the sponsor makes a final determination to notify the
30 department of education of noncompliance. The charter school shall submit a
31 corrective action plan to the sponsor on a date specified by the sponsor at
32 the meeting. The corrective action plan shall be designed to correct

1 deficiencies at the charter school and to ensure that the charter school
2 promptly returns to compliance. When the sponsor determines that the charter
3 school is in compliance, the department of education shall restore the full
4 amount of state aid payments to the charter school.

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

25 J. A charter school may receive and spend monies distributed by the
26 department of education pursuant to section 42-5029, subsection E and section
27 37-521, subsection B.

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

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

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

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

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

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

27 P. For the purposes of this section:

28 1. "Monies intended for the basic maintenance and operations of the
29 school" means monies intended to provide support for the educational program
30 of the school, except that it does not include supplemental assistance for a
31 specific purpose or title VIII of the elementary and secondary education act

1 of 1965 monies. The auditor general shall determine which federal or state
2 monies meet the definition in this paragraph.

3 2. "Operated for or by the same school district" means the charter
4 school is either governed by the same district governing board or operated by
5 the district in the same manner as other traditional schools in the district
6 or is operated by an independent party that has a contract with the school
7 district. The auditor general and the department of education shall
8 determine which charter schools meet the definition in this subsection."

9 Renumber to conform

10 Page 30, line 14, after "DISTRICT" insert "SATELLITE CAMPUS PROGRAM"

11 Between lines 22 and 23, insert:

12 "W. A SCHOOL DISTRICT MAY NOT PROHIBIT OR DISCOURAGE STUDENTS WHO ARE
13 ENROLLED IN THAT SCHOOL DISTRICT FROM ATTENDING COURSES OFFERED BY A JOINT
14 TECHNICAL EDUCATION DISTRICT.

15 X. NOTWITHSTANDING SUBSECTION D, PARAGRAPH 7 OF THIS SECTION, A SCHOOL
16 DISTRICT OR CHARTER SCHOOL THAT EXPERIENCES A REDUCTION IN ITS BASE SUPPORT
17 LEVEL FUNDING PURSUANT TO SUBSECTION U OF THIS SECTION MAY USE A PORTION OF
18 JOINT TECHNICAL EDUCATION DISTRICT MONIES THAT IT RECEIVES PURSUANT TO THIS
19 SECTION IN ORDER TO OFFSET THE LOSS OF REGULAR EDUCATION FUNDING THAT IT
20 EXPERIENCES PURSUANT TO SUBSECTION U OF THIS SECTION. THE AMOUNT OF JOINT
21 TECHNICAL EDUCATION MONIES THAT THE SCHOOL DISTRICT OR CHARTER SCHOOL MAY USE
22 TO OFFSET THE LOSS OF FUNDING THAT IT EXPERIENCES PURSUANT TO SUBSECTION U OF
23 THIS SECTION MAY NOT EXCEED THE REDUCTION IN BASE SUPPORT LEVEL FUNDING THAT
24 IT EXPERIENCES PURSUANT TO SUBSECTION U OF THIS SECTION."

25 Reletter to conform

26 Page 42, strike lines 4 through 44

27 Page 43, strike lines 1 through 6

28 Renumber to conform

29 Page 50, line 16, strike "JANUARY 1" insert "DECEMBER 31"

1 Page 53, strike lines 22 through 44

2 Strike pages 54 through 64

3 Page 65, strike lines 1 through 6

4 Renumber to conform

5 Line 16, after the second "FACILITIES" insert ", EXCEPT THAT ANY GRANTS, GIFTS,
6 DEVICES AND DONATIONS THAT ARE DEPOSITED INTO THE FUND ARE CONTINUOUSLY
7 APPROPRIATED"

8 Strike lines 19 through 21

9 Renumber to conform

10 Page 68, line 7, strike "14,000,000" insert "7,000,000"

11 Strike lines 15 through 20, insert:

12 "Sec. 17. District-sponsored charter schools; intent; phaseout

13 A. It is the intent of the legislature that district-sponsored charter
14 schools be phased out by fiscal year 2016-2017.

15 B. Notwithstanding any other law, for fiscal year 2015-2016, the
16 department of education shall fund incremental monies for charter schools
17 that are sponsored by school districts at fifty percent of the level of
18 incremental monies that would otherwise be provided to those charter schools
19 and shall reduce budget limits accordingly. For the purposes of this
20 subsection, "incremental monies" means the additional funding a charter
21 school that is sponsored by a school district receives under the state
22 equalization funding formula for schools in excess of the amount that would
23 be received under that formula if the school was operated by a school
24 district but was not a charter school operated by the school district,
25 including incremental monies received through local property taxes for a
26 school district that is not eligible to receive state aid.

27 Sec. 18. Current-year funding; notice; report

28 On or before December 15, 2015, the department of education shall
29 notify school districts how the department plans to implement current-year
30 average daily membership funding for school districts in fiscal year
31 2016-2017 under this act, including an explanation of the process, the
32 required forms and the technological requirements needed. The department

1 shall report the estimated fiscal impact on individual school districts for
2 fiscal year 2016-2017, based on the most recently available data, to the
3 governor, the president of the senate, the speaker of the house of
4 representatives, the director of the joint legislative budget committee and
5 the director of the governor's office of strategic planning and budgeting."
6 Amend title to conform

JUSTIN OLSON

2683jo4.doc
03/07/2015
01:24 AM
C: tdb