

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

HOUSE BILL 2537

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 2. Notwithstanding paragraph 1 of this subsection, the student count
33 shall be determined initially using an estimated student count based on
34 actual registration of pupils before the beginning of the school year.
35 Notwithstanding section 15-1042, subsection F, student level data submitted
36 to the department may be used to determine estimated student counts. After
37 the first forty days, one hundred days or two hundred days in session, as
38 applicable, the charter school shall revise the student count to be equal to
39 the actual average daily membership, as defined in section 15-901, of the
40 charter school. Before the fortieth day, one hundredth day or two hundredth
41 day in session, as applicable, the state board of education, the state board
42 for charter schools, the sponsoring university, the sponsoring community
43 college district or the sponsoring group of community college districts may
44 require a charter school to report periodically regarding pupil enrollment
45 and attendance, and the department of education may revise its computation of

1 equalization assistance based on the report. A charter school shall revise
2 its student count, base support level and charter additional assistance
3 before May 15. A charter school that overestimated its student count shall
4 revise its budget before May 15. A charter school that underestimated its
5 student count may revise its budget before May 15.

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

9 4. Equalization assistance for the charter school shall be determined
10 by adding the amount of the base support level and charter additional
11 assistance. The amount of the charter additional assistance is one thousand
12 seven hundred seven dollars seventy-seven cents per student count in
13 preschool programs for children with disabilities, kindergarten programs and
14 grades one through eight and one thousand nine hundred ninety dollars
15 thirty-eight cents per student count in grades nine through twelve.

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

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

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

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

1 records shall include guidelines for the apportionment of the pupil
2 enrollment and attendance as provided in this section.

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

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

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

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

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

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

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

43 H. If the sponsor of the charter school determines at a public meeting
44 that the charter school is not in compliance with federal law, with the laws
45 of this state or with its charter, the sponsor of a charter school may submit

1 a request to the department of education to withhold up to ten ~~per cent~~
2 PERCENT of the monthly apportionment of state aid that would otherwise be due
3 the charter school. The department of education shall adjust the charter
4 school's apportionment accordingly. The sponsor shall provide written notice
5 to the charter school at least seventy-two hours before the meeting and shall
6 allow the charter school to respond to the allegations of noncompliance at
7 the meeting before the sponsor makes a final determination to notify the
8 department of education of noncompliance. The charter school shall submit a
9 corrective action plan to the sponsor on a date specified by the sponsor at
10 the meeting. The corrective action plan shall be designed to correct
11 deficiencies at the charter school and to ensure that the charter school
12 promptly returns to compliance. When the sponsor determines that the charter
13 school is in compliance, the department of education shall restore the full
14 amount of state aid payments to the charter school.

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

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

38 K. If a school district transports or contracts to transport pupils to
39 the Arizona state schools for the deaf and the blind during any fiscal year,
40 the school district may transport or contract with a charter school to
41 transport sensory impaired pupils during that same fiscal year to a charter
42 school if requested by the parent of the pupil and if the distance from the
43 pupil's place of actual residence within the school district to the charter
44 school is less than the distance from the pupil's place of actual residence

1 within the school district to the campus of the Arizona state schools for the
2 deaf and the blind.

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

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

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

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

25 P. EACH CHARTER SCHOOL IS ELIGIBLE TO COMPUTE AND RECEIVE FUNDING FOR
26 THE TEACHER EXPERIENCE INDEX PURSUANT TO SECTION 15-941.

27 Q. EACH CHARTER SCHOOL IS ELIGIBLE TO CALCULATE AND RECEIVE FUNDING
28 FOR ADDITIONAL TEACHER COMPENSATION PURSUANT TO SECTION 15-952.

29 ~~P.~~ R. For the purposes of this section:

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

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