

REFERENCE TITLE: K-12 education; budget reconciliation; 2015-2016.

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SB 1476

Introduced by
Senators Biggs, Allen, Griffin, Shooter, Yarbrough (with permission of
Committee on Rules)

AN ACT

AMENDING SECTIONS 15-101, 15-183, 15-184, 15-185, 15-187, 15-189, 15-393 AND 15-901, ARIZONA REVISED STATUTES; REPEALING SECTION 15-917, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-945, 15-961, 15-972, 15-2002, 15-2011, 15-2032 AND 15-2041, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 16, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-2042; REPEALING LAWS 2014, CHAPTER 16, SECTION 6, AS AMENDED BY LAWS 2014, CHAPTER 214, SECTION 5; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-101, 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,

1 graduation or certification is usually given. A course consists of knowledge
2 selected from a subject for instructional purposes in the schools.

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

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

13 12. "Elementary grades" means kindergarten programs and grades one
14 through eight.

15 13. "Fiscal year" means the year beginning July 1 and ending June 30.

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

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

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

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

26 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 19. "Primary property taxes" means all ad valorem taxes except for
30 secondary property taxes.

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

33 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 22. "School district" means a political subdivision of this state with
38 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 24. "Secondary property taxes" means ad valorem taxes used to pay the
42 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

1 amounts levied pursuant to an election to exceed a budget, expenditure or tax
2 limitation.

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

7 Sec. 2. Section 15-183, Arizona Revised Statutes, is amended to read:

8 15-183. Charter schools; application; requirements; immunity;
9 exemptions; renewal of application; reprisal; fee;
10 funds

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

- 16 1. A detailed educational plan.
- 17 2. A detailed business plan.
- 18 3. A detailed operational plan.
- 19 4. Any other materials required by the sponsor.

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

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

30 ~~1. For charter schools that submit an application for sponsorship to a~~
31 ~~school district governing board:~~

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

40 ~~(b) In the first year that a school district is determined to be out~~
41 ~~of compliance with the uniform system of financial records, within fifteen~~
42 ~~days of the determination of noncompliance, the school district shall notify~~
43 ~~by certified mail each charter school sponsored by the school district that~~
44 ~~the school district is out of compliance with the uniform system of financial~~
45 ~~records. The notification shall include a statement that if the school~~

1 ~~district is determined to be out of compliance for a second consecutive year,~~
2 ~~the charter school will be required to transfer sponsorship to another entity~~
3 ~~pursuant to subdivision (c) of this paragraph.~~

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

22 ~~(d) A school district governing board shall not grant a charter to a~~
23 ~~charter school that is located outside the geographic boundaries of that~~
24 ~~school district.~~

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

28 ~~(f) Notwithstanding any other law, a school district governing board~~
29 ~~shall not grant a charter to a new charter school that begins initial~~
30 ~~operations after June 30, 2013 or convert an existing district public school~~
31 ~~to a charter school that begins initial operations after June 30, 2013.~~

32 **1. AN APPLICANT MAY NOT SUBMIT AN APPLICATION FOR SPONSORSHIP TO ANY**
33 **PERSON OR ENTITY OTHER THAN THOSE PRESCRIBED IN THIS SUBSECTION.**

34 **2.** The applicant may submit the application to the state board of
35 education or the state board for charter schools. Notwithstanding any other
36 law, neither the state board for charter schools nor the state board of
37 education shall grant a charter to a school district governing board for a
38 new charter school that begins initial operations after June 30, 2013 or for
39 the conversion of an existing district public school to a charter school that
40 begins initial operations after June 30, 2013. The state board of education
41 or the state board for charter schools may approve the application if the
42 application meets the requirements of this article and may approve the
43 charter if the proposed sponsor determines, within its sole discretion, that
44 the applicant is sufficiently qualified to operate a charter school and that

1 the applicant is applying to operate as a separate charter holder by
2 considering factors such as whether:

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

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

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

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

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

13 (f) It is reconstituting an existing grade configuration from a prior
14 charter holder with at least one grade remaining on the original site with
15 the other grade or grades moving to a new site. The state board of education
16 or the state board for charter schools may approve any charter schools
17 transferring charters. ~~The state board of education and the state board for~~
18 ~~charter schools shall approve any charter schools transferring charters from~~
19 ~~a school district that is determined to be out of compliance with the uniform~~
20 ~~system of financial records pursuant to this section, but may require the~~
21 ~~charter school to sign a new charter that is equivalent to the charter~~
22 ~~awarded by the former sponsor.~~ If the state board of education or the state
23 board for charter schools rejects the preliminary application, the state
24 board of education or the state board for charter schools shall notify the
25 applicant in writing of the reasons for the rejection and of suggestions for
26 improving the application. An applicant may submit a revised application for
27 reconsideration by the state board of education or the state board for
28 charter schools. The applicant may request, and the state board of education
29 or the state board for charter schools may provide, technical assistance to
30 improve the application.

31 3. The applicant may submit the application to a university under the
32 jurisdiction of the Arizona board of regents, a community college district or
33 a group of community college districts. A university, a community college
34 district or a group of community college districts shall not grant a charter
35 to a school district governing board for a new charter school that begins
36 initial operations after June 30, 2013 or for the conversion of an existing
37 district public school to a charter school that begins initial operations
38 after June 30, 2013. A university, a community college district or a group
39 of community college districts may approve the application if it meets the
40 requirements of this article and if the proposed sponsor determines, in its
41 sole discretion, that the applicant is sufficiently qualified to operate a
42 charter school.

43 4. Each applicant seeking to establish a charter school shall submit a
44 full set of fingerprints to the approving agency for the purpose of obtaining
45 a state and federal criminal records check pursuant to section 41-1750 and

1 Public Law 92-544. If an applicant will have direct contact with students,
2 the applicant shall possess a valid fingerprint clearance card that is issued
3 pursuant to title 41, chapter 12, article 3.1. The department of public
4 safety may exchange this fingerprint data with the federal bureau of
5 investigation. The criminal records check shall be completed before the
6 issuance of a charter.

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

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

32 (b) Ensures that the department of public safety completes a statewide
33 criminal records check on the applicant. A statewide criminal records check
34 shall be completed by the department of public safety every one hundred
35 twenty days until the date that the fingerprint check is completed or the
36 fingerprint clearance card is issued or denied.

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

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

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

1 (f) Verifies the fingerprint status of the applicant with the
2 department of public safety.

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

7 7. If a charter school operator is not already subject to a public
8 meeting or hearing by the municipality in which the charter school is
9 located, the operator of a charter school shall conduct a public meeting at
10 least thirty days before the charter school operator opens a site or sites
11 for the charter school. The charter school operator shall post notices of
12 the public meeting in at least three different locations that are within
13 three hundred feet of the proposed charter school site.

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

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

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

26 (b) Notify the person's employer or potential employer of the
27 conviction.

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

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

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

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

36 1. Ensure compliance with federal, state and local rules, regulations
37 and statutes relating to health, safety, civil rights and insurance. The
38 department of education shall publish a list of relevant rules, regulations
39 and statutes to notify charter schools of their responsibilities under this
40 paragraph.

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

43 3. Ensure that it provides a comprehensive program of instruction for
44 at least a kindergarten program or any grade between grades one and twelve,
45 except that a school may offer this curriculum with an emphasis on a specific

1 learning philosophy or style or certain subject areas such as mathematics,
2 science, fine arts, performance arts or foreign language.

3 4. Ensure that it designs a method to measure pupil progress toward
4 the pupil outcomes adopted by the state board of education pursuant to
5 section 15-741.01, including participation in the Arizona instrument to
6 measure standards test and the nationally standardized norm-referenced
7 achievement test as designated by the state board and the completion and
8 distribution of an annual report card as prescribed in chapter 7, article 3
9 of this title.

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

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

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

31 8. Ensure that it provides for a governing body for the charter school
32 that is responsible for the policy decisions of the charter school.
33 Notwithstanding section 1-216, if there is a vacancy or vacancies on the
34 governing body, a majority of the remaining members of the governing body
35 constitute a quorum for the transaction of business, unless that quorum is
36 prohibited by the charter school's operating agreement.

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

42 F. A charter school shall keep on file the resumes of all current and
43 former employees who provide instruction to pupils at the charter school.
44 Resumes shall include an individual's educational and teaching background and
45 experience in a particular academic content subject area. A charter school

1 shall inform parents and guardians of the availability of the resume
2 information and shall make the resume information available for inspection on
3 request of parents and guardians of pupils enrolled at the charter school.
4 This subsection does not require any charter school to release personally
5 identifiable information in relation to any teacher or employee, including
6 the teacher's or employee's address, salary, social security number or
7 telephone number.

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

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

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

13 1. At least eighteen months before the expiration of the charter, the
14 sponsor shall notify the charter school that the charter school may apply for
15 renewal and shall make the renewal application available to the charter
16 school. A charter school that elects to apply for renewal shall file a
17 complete renewal application at least fifteen months before the expiration of
18 the charter. A sponsor shall give written notice of its intent not to renew
19 the charter school's request for renewal to the charter school at least
20 twelve months before the expiration of the charter. The sponsor shall make
21 data used in making renewal decisions available to the school and the public
22 and shall provide a public report summarizing the evidence basis for each
23 decision. The sponsor may deny the request for renewal if, in its judgment,
24 the charter holder has failed to do any of the following:

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

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

29 (c) Complete the obligations of the contract.

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

32 2. A charter operator may apply for early renewal. At least nine
33 months before the charter school's intended renewal consideration, the
34 operator of the charter school shall submit a letter of intent to the sponsor
35 to apply for early renewal. The sponsor shall review fiscal audits and
36 academic performance data for the charter school that are annually collected
37 by the sponsor, review the current contract between the sponsor and the
38 charter school and provide the qualifying charter school with a renewal
39 application. On submission of a complete application, the sponsor shall give
40 written notice of its consideration of the renewal application. The sponsor
41 may deny the request for early renewal if, in the sponsor's judgment, the
42 charter holder has failed to do any of the following:

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

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

3 (c) Complete the obligations of the contract.

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

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

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

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

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

17 4. At least sixty days before the effective date of the proposed
18 revocation, the sponsor shall give written notice to the operator of the
19 charter school of its intent to revoke the charter. Notice of the sponsor's
20 intent to revoke the charter shall be delivered personally to the operator of
21 the charter school or sent by certified mail, return receipt requested, to
22 the address of the charter school. The notice shall incorporate a statement
23 of reasons for the proposed revocation of the charter. The sponsor shall
24 allow the charter school at least sixty days to correct the problems
25 associated with the reasons for the proposed revocation of the charter. The
26 final determination of whether to revoke the charter shall be made at a
27 public hearing called for such purpose.

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

29 K. A charter school that is sponsored by the state board of education,
30 the state board for charter schools, a university, a community college
31 district or a group of community college districts may not be located on the
32 property of a school district unless the district governing board grants this
33 authority.

34 L. A governing board or a school district employee who has control
35 over personnel actions shall not take unlawful reprisal against another
36 employee of the school district because the employee is directly or
37 indirectly involved in an application to establish a charter school. A
38 governing board or a school district employee shall not take unlawful
39 reprisal against an educational program of the school or the school district
40 because an application to establish a charter school proposes the conversion
41 of all or a portion of the educational program to a charter school. For the
42 purposes of this subsection, "unlawful reprisal" means an action that is
43 taken by a governing board or a school district employee as a direct result
44 of a lawful application to establish a charter school and that is adverse to
45 another employee or an education program and:

- 1 1. With respect to a school district employee, results in one or more
2 of the following:
- 3 (a) Disciplinary or corrective action.
 - 4 (b) Detail, transfer or reassignment.
 - 5 (c) Suspension, demotion or dismissal.
 - 6 (d) An unfavorable performance evaluation.
 - 7 (e) A reduction in pay, benefits or awards.
 - 8 (f) Elimination of the employee's position without a reduction in
9 force by reason of lack of monies or work.
 - 10 (g) Other significant changes in duties or responsibilities that are
11 inconsistent with the employee's salary or employment classification.
- 12 2. With respect to an educational program, results in one or more of
13 the following:
- 14 (a) Suspension or termination of the program.
 - 15 (b) Transfer or reassignment of the program to a less favorable
16 department.
 - 17 (c) Relocation of the program to a less favorable site within the
18 school or school district.
 - 19 (d) Significant reduction or termination of funding for the program.
- 20 M. Charter schools shall secure insurance for liability and property
21 loss. The governing body of a charter school that is sponsored by the state
22 board of education or the state board for charter schools may enter into an
23 intergovernmental agreement or otherwise contract to participate in an
24 insurance program offered by a risk retention pool established pursuant to
25 section 11-952.01 or 41-621.01 or the charter school may secure its own
26 insurance coverage. The pool may charge the requesting charter school
27 reasonable fees for any services it performs in connection with the insurance
28 program.
- 29 N. Charter schools do not have the authority to acquire property by
30 eminent domain.
- 31 O. A sponsor, including members, officers and employees of the
32 sponsor, is immune from personal liability for all acts done and actions
33 taken in good faith within the scope of its authority.
- 34 P. Charter school sponsors and this state are not liable for the debts
35 or financial obligations of a charter school or persons who operate charter
36 schools.
- 37 Q. The sponsor of a charter school shall establish procedures to
38 conduct administrative hearings on determination by the sponsor that grounds
39 exist to revoke a charter. Procedures for administrative hearings shall be
40 similar to procedures prescribed for adjudicative proceedings in title 41,
41 chapter 6, article 10. Except as provided in section 41-1092.08, subsection
42 H, final decisions of the state board of education and the state board for
43 charter schools from hearings conducted pursuant to this subsection are
44 subject to judicial review pursuant to title 12, chapter 7, article 6.

1 R. The sponsoring entity of a charter school shall have oversight and
2 administrative responsibility for the charter schools that it sponsors. In
3 implementing its oversight and administrative responsibilities, the sponsor
4 shall ground its actions in evidence of the charter holder's performance in
5 accordance with the performance framework adopted by the sponsor. The
6 performance framework shall be publicly available, shall be placed on the
7 sponsoring entity's website and shall include:

8 1. The academic performance expectations of the charter school and the
9 measurement of sufficient progress toward the academic performance
10 expectations.

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

13 3. Intervention and improvement policies.

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

16 T. All property accumulated by a charter school shall remain the
17 property of the charter school.

18 U. Charter schools may not locate a school on property that is less
19 than one-fourth mile from agricultural land regulated pursuant to section
20 3-365, except that the owner of the agricultural land may agree to comply
21 with the buffer zone requirements of section 3-365. If the owner agrees in
22 writing to comply with the buffer zone requirements and records the agreement
23 in the office of the county recorder as a restrictive covenant running with
24 the title to the land, the charter school may locate a school within the
25 affected buffer zone. The agreement may include any stipulations regarding
26 the charter school, including conditions for future expansion of the school
27 and changes in the operational status of the school that will result in a
28 breach of the agreement.

29 V. A transfer of a charter to another sponsor, a transfer of a charter
30 school site to another sponsor or a transfer of a charter school site to a
31 different charter shall be completed before the beginning of the fiscal year
32 that the transfer is scheduled to become effective. An entity that sponsors
33 charter schools may accept a transferring school after the beginning of the
34 fiscal year if the transfer is approved by the superintendent of public
35 instruction. The superintendent of public instruction shall have the
36 discretion to consider each transfer during the fiscal year on a case by case
37 basis. ~~If a charter school is sponsored by a school district that is~~
38 ~~determined to be out of compliance with this title, the uniform system of~~
39 ~~financial records or any other state or federal law, the charter school may~~
40 ~~transfer to another sponsoring entity at any time during the fiscal year.~~ A
41 charter holder seeking to transfer sponsors shall comply with the current
42 charter terms regarding assignment of the charter. A charter holder
43 transferring sponsors shall notify the current sponsor that the transfer has
44 been approved by the new sponsor.

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

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

15 Y. The sponsoring entity may not charge any fees to a charter school
16 that it sponsors unless the sponsor has provided services to the charter
17 school and the fees represent the full value of those services provided by
18 the sponsor. On request, the value of the services provided by the sponsor
19 to the charter school shall be demonstrated to the department of education.

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

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

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

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

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

42 EE. Pursuant to the prescribed graduation requirements adopted by the
43 state board of education, the governing body of a charter school operating a
44 high school may approve a rigorous computer science course that would fulfill
45 a mathematics course required for graduation from high school. The governing

1 body may approve a rigorous computer science course only if the rigorous
2 computer science course includes significant mathematics content and the
3 governing body determines the high school where the rigorous computer science
4 course is offered has sufficient capacity, infrastructure and qualified
5 staff, including competent teachers of computer science.

6 FF. A charter school may permit the use of school property, including
7 school buildings, grounds, buses and equipment, by any person, group or
8 organization for any lawful purpose, including A recreational, educational,
9 political, economic, artistic, moral, scientific, social, religious or other
10 civic or governmental purpose. The charter school may charge a reasonable
11 fee for the use of the school property.

12 GG. A charter school and its employees, including the governing body,
13 or chief administrative officer, are immune from civil liability with respect
14 to all decisions made and actions taken to allow the use of school property,
15 unless the charter school or its employees are guilty of gross negligence or
16 intentional misconduct. This subsection does not limit any other immunity
17 provisions that are prescribed by law.

18 Sec. 3. Section 15-184, Arizona Revised Statutes, is amended to read:
19 15-184. Charter schools; admissions requirements

20 A. A charter school shall enroll all eligible pupils who submit a
21 timely application, unless the number of applications exceeds the capacity of
22 a program, class, grade level or building.

23 B. A charter school shall give enrollment preference to pupils
24 returning to the charter school in the second or any subsequent year of its
25 operation and to siblings of pupils already enrolled in the charter school.

26 ~~C. A charter school that is sponsored by a school district governing~~
27 ~~board shall give enrollment preference to eligible pupils who reside within~~
28 ~~the boundaries of the school district where the charter school is physically~~
29 ~~located.~~

30 ~~D.~~ C. A charter school may give enrollment preference to and reserve
31 capacity for pupils who either:

32 1. Are children, grandchildren or legal wards of any of the following:

33 (a) Employees of the school.

34 (b) Employees of the charter holder.

35 (c) Members of the governing body of the school.

36 (d) Directors, officers, partners or board members of the charter
37 holder.

38 2. Attended another charter school or are the siblings of that pupil
39 if the charter school previously attended by the pupil has the identical
40 charter holder, board and governing board membership as the enrolling charter
41 school or is managed by the same educational management organization, charter
42 management organization or educational service provider as determined by the
43 charter authorizer.

44 ~~E.~~ D. If remaining capacity is insufficient to enroll all pupils who
45 submit a timely application, the charter school shall select pupils through

1 an equitable selection process such as a lottery except that preference shall
2 be given to siblings of a pupil selected through an equitable selection
3 process such as a lottery.

4 ~~F.~~ E. Except as provided in subsections A through ~~D~~ C of this
5 section, a charter school shall not limit admission based on ethnicity,
6 national origin, gender, income level, disabling condition, proficiency in
7 the English language or athletic ability.

8 ~~G.~~ F. A charter school may limit admission to pupils within a given
9 age group or grade level.

10 ~~H.~~ G. A charter school may provide instruction to pupils of a single
11 gender with the approval of the sponsor of the charter school. An existing
12 charter school may amend its charter to provide instruction to pupils of a
13 single gender, and if approved by the sponsor of the charter school, may
14 provide instruction to pupils of a single gender at the beginning of the next
15 school year.

16 ~~I.~~ H. A charter school shall admit pupils who reside in the
17 attendance area of a school or who reside in a school district that is under
18 a court order of desegregation or that is a party to an agreement with the
19 United States department of education office for civil rights directed toward
20 remediating alleged or proven racial discrimination unless notice is received
21 from the resident school that the admission would violate the court order or
22 agreement. If a charter school admits a pupil after notice is received that
23 the admission would constitute such a violation, the charter school is not
24 allowed to include in its student count the pupils wrongfully admitted.

25 ~~J.~~ I. A charter school may refuse to admit any pupil who has been
26 expelled from another educational institution or who is in the process of
27 being expelled from another educational institution.

28 Sec. 4. Section 15-185, Arizona Revised Statutes, is amended to read:

29 15-185. Charter schools; financing; civil penalty;
30 transportation; definition

31 ~~A. Financial provisions for a charter school that is sponsored by a~~
32 ~~school district governing board are as follows:~~

33 ~~1. The charter school shall be included in the district's budget and~~
34 ~~financial assistance calculations pursuant to paragraph 3 of this subsection~~
35 ~~and chapter 9 of this title, except for chapter 9, article 4 of this title.~~
36 ~~The charter of the charter school shall include a description of the methods~~
37 ~~of funding the charter school by the school district. The school district~~
38 ~~shall send a copy of the charter and application, including a description of~~
39 ~~how the school district plans to fund the school, to the state board of~~
40 ~~education before the start of the first fiscal year of operation of the~~
41 ~~charter school. The charter or application shall include an estimate of the~~
42 ~~student count for the charter school for its first fiscal year of operation.~~
43 ~~This estimate shall be computed pursuant to the requirements of paragraph 3~~
44 ~~of this subsection.~~

1 ~~2.~~ A. A school district is not financially responsible for any
2 charter school that is sponsored by the state board of education, the state
3 board for charter schools, a university under the jurisdiction of the Arizona
4 board of regents, a community college district or a group of community
5 college districts.

6 ~~3. A school district that sponsors a charter school may:~~

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

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

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

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

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

41 ~~7. If a school district converts one or more of its district public~~
42 ~~schools to a charter school and receives assistance as prescribed in~~
43 ~~subsection B, paragraph 4 of this section, and subsequently converts the~~
44 ~~charter school back to a district public school, the school district shall~~
45 ~~repay the state the total charter additional assistance received for the~~

1 ~~charter school for all years that the charter school was in operation. The~~
2 ~~repayment shall be in one lump sum and shall be reduced from the school~~
3 ~~district's current year equalization assistance. The school district's~~
4 ~~general budget limit shall be reduced by the same lump sum amount in the~~
5 ~~current year.~~

6 B. Financial provisions for a charter school that is sponsored by the
7 state board of education, the state board for charter schools, a university,
8 a community college district or a group of community college districts are as
9 follows:

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

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

13 (b) **THE SMALL SCHOOL WEIGHTS PRESCRIBED IN SECTION 15-943, PARAGRAPH 1**
14 **DO NOT APPLY TO THESE CHARTER SCHOOLS IF THE CHARTER HOLDER OPERATES MORE**
15 **THAN ONE CHARTER SCHOOL, AS DETERMINED BY THE DEPARTMENT OF EDUCATION, EXCEPT**
16 **THAT FOR FISCAL YEAR 2015-2016 ONLY, THE SMALL SCHOOL WEIGHTS APPLY TO**
17 **CHARTER SCHOOLS THAT ARE AFFILIATED WITH A CHARTER HOLDER THAT OPERATES MORE**
18 **THAN ONE CHARTER SCHOOL, AS DETERMINED BY THE DEPARTMENT OF EDUCATION. THE**
19 **DEPARTMENT OF EDUCATION SHALL REDUCE BY FIFTY PERCENT IN FISCAL YEAR**
20 **2015-2016 THE ADDITIONAL FUNDING PROVIDED BY THE SMALL SCHOOL WEIGHTS TO A**
21 **CHARTER SCHOOL THAT IS AFFILIATED WITH A CHARTER HOLDER THAT OPERATES MORE**
22 **THAN ONE CHARTER SCHOOL.**

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

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

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

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

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

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

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

41 D. Charter schools are allowed to accept grants and gifts to
42 supplement their state funding, but it is not the intent of the charter
43 school law to require taxpayers to pay twice to educate the same pupils. The
44 base support level for a charter school or for a school district sponsoring a
45 charter school shall be reduced by an amount equal to the total amount of

1 monies received by a charter school from a federal or state agency if the
 2 federal or state monies are intended for the basic maintenance and operations
 3 of the school. The superintendent of public instruction shall estimate the
 4 amount of the reduction for the budget year and shall revise the reduction to
 5 reflect the actual amount before May 15 of the current year. If the
 6 reduction results in a negative amount, the negative amount shall be used in
 7 computing all budget limits and equalization assistance, except that:

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

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

13 ~~3. For a charter school sponsored by a school district, the base~~
 14 ~~support level for the school district shall not be reduced by more than the~~
 15 ~~amount that the charter school increased the district's base support level~~
 16 ~~and district additional assistance allocation.~~

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

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

31 G. At the request of a charter school, the county school
 32 superintendent of the county where the charter school is located may provide
 33 the same educational services to the charter school as prescribed in section
 34 15-308, subsection A. The county school superintendent may charge a fee to
 35 recover costs for providing educational services to charter schools.

36 H. If the sponsor of the charter school determines at a public meeting
 37 that the charter school is not in compliance with federal law, with the laws
 38 of this state or with its charter, the sponsor of a charter school may submit
 39 a request to the department of education to withhold up to ten ~~per cent~~
 40 PERCENT of the monthly apportionment of state aid that would otherwise be due
 41 the charter school. The department of education shall adjust the charter
 42 school's apportionment accordingly. The sponsor shall provide written notice
 43 to the charter school at least seventy-two hours before the meeting and shall
 44 allow the charter school to respond to the allegations of noncompliance at
 45 the meeting before the sponsor makes a final determination to notify the

1 department of education of noncompliance. The charter school shall submit a
2 corrective action plan to the sponsor on a date specified by the sponsor at
3 the meeting. The corrective action plan shall be designed to correct
4 deficiencies at the charter school and to ensure that the charter school
5 promptly returns to compliance. When the sponsor determines that the charter
6 school is in compliance, the department of education shall restore the full
7 amount of state aid payments to the charter school.

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

28 J. A charter school may receive and spend monies distributed by the
29 department of education pursuant to section 42-5029, subsection E and section
30 37-521, subsection B.

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

40 L. Notwithstanding any other law, a university under the jurisdiction
41 of the Arizona board of regents, a community college district or a group of
42 community college districts shall not include any student in the student
43 count of the university, community college district or group of community
44 college districts for state funding purposes if that student is enrolled in

1 and attending a charter school sponsored by the university, community college
2 district or group of community college districts.

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

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

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

18 P. For the purposes of this section, ~~+~~

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

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

31 Sec. 5. Section 15-187, Arizona Revised Statutes, is amended to read:
32 15-187. Charter schools; teachers; employment benefits

33 A. A teacher who is employed by or teaching at a charter school and
34 who was previously employed as a teacher at a school district shall not lose
35 any right of certification, retirement or salary status or any other benefit
36 provided by law, by the rules of the governing board of the school district
37 or by the rules of the board of directors of the charter school due to
38 teaching at a charter school on the teacher's return to the school district.

39 B. A teacher who is employed by or teaching at a charter school and
40 who submits an employment application to the school district where the
41 teacher was employed immediately before employment by or at a charter school
42 shall be given employment preference by the school district if both of the
43 following conditions are met:

1 1. The teacher submits an employment application to the school
2 district no later than three years after ceasing employment with the school
3 district.

4 2. A suitable position is available at the school district.

5 C. A charter school that is sponsored by ~~a school district governing~~
6 ~~board~~, a university, a community college district, a group of community
7 college districts, the state board of education or the state board for
8 charter schools is eligible to participate in the Arizona state retirement
9 system pursuant to title 38, chapter 5, article 2. The charter school is a
10 political subdivision of this state for purposes of title 38, chapter 5,
11 article 2.

12 D. Notwithstanding any other law, a charter school shall not adopt
13 policies that provide employment retention priority for teachers based on
14 tenure or seniority.

15 Sec. 6. Section 15-189, Arizona Revised Statutes, is amended to read:

16 15-189. Charter schools; vacant buildings; list; used equipment

17 A. The ~~department of education~~ SCHOOL FACILITIES BOARD, in conjunction
18 with the department of administration, shall annually publish a list of
19 vacant and unused buildings and vacant and unused portions of buildings that
20 are owned by this state or by school districts in this state and that may be
21 suitable for the operation of a charter school. The ~~department of education~~
22 SCHOOL FACILITIES BOARD shall make the list available to applicants for
23 charter schools and to existing charter schools. The list shall include the
24 address of each building, a short description of the building, ~~and~~ the name
25 of the owner of the building AND ANY OTHER PERTINENT INFORMATION RELATED TO
26 THE VACANCY OF THE BUILDING. THE SCHOOL FACILITIES BOARD SHALL ANNUALLY
27 SUBMIT THE LIST TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER
28 OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THE LIST TO THE
29 SECRETARY OF STATE. Nothing in this section requires the owner of a building
30 on the list to sell or lease the building or a portion of the building to a
31 charter school or to any other school or to any other prospective buyer or
32 tenant.

33 B. A school district may sell used equipment to a charter school
34 before the school district attempts to sell or dispose of the equipment by
35 other means.

36 Sec. 7. Section 15-393, Arizona Revised Statutes, is amended to read:

37 15-393. Joint technical education district governing board;
38 report; definitions

39 A. The management and control of the joint district are vested in the
40 joint technical education district governing board, including the content and
41 quality of the courses offered by the district, the quality of teachers who
42 provide instruction on behalf of the district, the salaries of teachers who
43 provide instruction on behalf of the district and the reimbursement of other
44 entities for the facilities used by the district. Unless the governing
45 boards of the school districts participating in the formation of the joint

1 district vote to implement an alternative election system as provided in
2 subsection B of this section, the joint board shall consist of five members
3 elected from five single member districts formed within the joint district.
4 The single member district election system shall be submitted as part of the
5 plan for the joint district pursuant to section 15-392 and shall be
6 established in the plan as follows:

7 1. The governing boards of the school districts participating in the
8 formation of the joint district shall define the boundaries of the single
9 member districts so that the single member districts are as nearly equal in
10 population as is practicable, except that if the joint district lies in part
11 in each of two or more counties, at least one single member district may be
12 entirely within each of the counties comprising the joint district if this
13 district design is consistent with the obligation to equalize the population
14 among single member districts.

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

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

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

37 B. The governing boards of the school districts participating in the
38 formation of the joint district may vote to implement any other alternative
39 election system for the election of joint district board members. If an
40 alternative election system is selected, it shall be submitted as part of the
41 plan for the joint district pursuant to section 15-392, and the
42 implementation of the system shall be as approved by the United States
43 justice department.

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

- 1 1. Chapter 1, articles 1 through 6.
- 2 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 3 3. Articles 2, 3 and 5 of this chapter.
- 4 4. Section 15-361.
- 5 5. Chapter 4, articles 1, 2 and 5.
- 6 6. Chapter 5, articles 1, 2 and 3.
- 7 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
- 8 and 15-730.
- 9 8. Chapter 7, article 5.
- 10 9. Chapter 8, articles 1, 3 and 4.
- 11 10. Sections 15-828 and 15-829.
- 12 11. Chapter 9, article 1, article 6, except for section 15-995, and
- 13 article 7.
- 14 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 15 13. Sections 15-1101 and 15-1104.
- 16 14. Chapter 10, articles 2, 3, 4 and 8.
- 17 D. Notwithstanding subsection C of this section, the following apply
- 18 to a joint technical education district:
- 19 1. A joint district may issue bonds for the purposes specified in
- 20 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
- 21 aggregate, including the existing indebtedness, not exceeding one ~~per-cent~~
- 22 **PERCENT** of the taxable property used for secondary tax purposes, as
- 23 determined pursuant to title 42, chapter 15, article 1, within the joint
- 24 technical education district as ascertained by the last property tax
- 25 assessment previous to issuing the bonds.
- 26 2. The number of governing board members for a joint district shall be
- 27 as prescribed in subsection A of this section.
- 28 3. The student count for the first year of operation of a joint
- 29 technical education district as provided in this article shall be determined
- 30 as follows:
- 31 (a) Determine the estimated student count for joint district classes
- 32 that will operate in the first year of operation. This estimate shall be
- 33 based on actual registration of pupils as of March 30 scheduled to attend
- 34 classes that will be operated by the joint district. The student count for
- 35 the district of residence of the pupils registered at the joint district
- 36 shall be adjusted. The adjustment shall cause the district of residence to
- 37 reduce the student count for the pupil to reflect the courses to be taken at
- 38 the joint district. The district of residence shall review and approve the
- 39 adjustment of its own student count as provided in this subdivision before
- 40 the pupils from the school district can be added to the student count of the
- 41 joint district.
- 42 (b) The student count for the new joint district shall be the student
- 43 count as determined in subdivision (a) of this paragraph.
- 44 (c) For the first year of operation, the joint district shall revise
- 45 the student count to the actual average daily membership as prescribed in

1 section 15-901, subsection A, paragraph 1 for students attending classes in
2 the joint district. A joint district shall revise its student count, the
3 base support level as provided in section 15-943.02, the revenue control
4 limit as provided in section 15-944.01 and the district additional assistance
5 as provided in section 15-962.01 prior to May 15. A joint district that
6 overestimated its student count shall revise its budget prior to May 15. A
7 joint district that underestimated its student count may revise its budget
8 prior to May 15.

9 (d) After March 15 of the first year of operation, the district of
10 residence shall adjust its student count by reducing it to reflect the
11 courses actually taken at the joint district. The district of residence
12 shall revise its student count, the base support level as provided in section
13 15-943, the revenue control limit as provided in section 15-944 and the
14 district additional assistance as provided in section 15-962.01 prior to
15 May 15. A district that underestimated the student count for students
16 attending the joint district shall revise its budget prior to May 15. A
17 district that overestimated the student count for students attending the
18 joint district may revise its budget prior to May 15.

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

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

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

27 For the purposes of this paragraph, "district of residence" means the
28 district that included the pupil in its average daily membership for the year
29 before the first year of operation of the joint district and that would have
30 included the pupil in its student count for the purposes of computing its
31 base support level for the fiscal year of the first year of operation of the
32 joint district if the pupil had not enrolled in the joint district.

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

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

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

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

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

6 6. A joint district may use the carryforward provisions of section
7 15-943.01.

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

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

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

34 E. The joint board shall appoint a superintendent as the executive
35 officer of the joint district.

36 F. Taxes may be levied for the support of the joint district as
37 prescribed in chapter 9, article 6 of this title, except that a joint
38 technical education district shall not levy a property tax pursuant to law
39 that exceeds five cents per one hundred dollars assessed valuation except for
40 bond monies pursuant to subsection D, paragraph 1 of this section. Except
41 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
42 from a levy of taxes on the taxable property used for secondary tax purposes.

43 G. The schools in the joint district are available to all persons who
44 reside in the joint district and to pupils whose district of residence within
45 this state is paying tuition on behalf of the pupils to a district of

1 attendance that is a member of the joint technical education district,
2 subject to the rules for admission prescribed by the joint board.

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

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

10 J. One member of the joint board shall be selected chairman. The
11 chairman shall be selected annually on a rotation basis from among the
12 participating school districts. The chairman of the joint board shall be a
13 voting member.

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

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

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

27 2. The accountability provisions of the intergovernmental agreement or
28 other written contract.

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

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

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

37 6. The transportation services that will be provided under the
38 intergovernmental agreement or other written contract and the manner in which
39 transportation costs will be paid.

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

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

1 9. That the payment for services shall not exceed the cost of the
2 services provided.

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

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

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

16 3. The costs associated with each program offered by the joint
17 district.

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

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

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

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

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

30 N. If the career and technical education division of the department of
31 education determines that a course does not meet the criteria for approval as
32 a joint technical education course, the governing board of the joint
33 technical education district may appeal this decision to the state board of
34 education acting as the state board of vocational education.

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

41 P. If a career and technical education course or program is provided
42 on a satellite campus, the sum of the average daily membership, as provided
43 in section 15-901, subsection A, paragraph 1, for that pupil in both the
44 school district and joint technical education district shall not exceed 1.25.
45 The school district and the joint district shall determine the apportionment

1 of the average daily membership for that pupil between the school district
2 and the joint district. A pupil who attends a course or program at a
3 satellite campus and who is not enrolled in the school district where the
4 satellite campus is located may generate the average daily membership
5 pursuant to this subsection if the pupil is enrolled in a school district
6 that is a member district in the same joint technical education district.

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

21 R. The average daily membership for a pupil in grade ten, eleven or
22 twelve who is enrolled in a course that meets for at least one hundred fifty
23 minutes per class period at a leased centralized campus shall not exceed
24 0.75. The sum of the average daily membership, as provided in section
25 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the
26 school district and in joint technical education district courses provided at
27 a leased centralized campus shall not exceed 1.75 if all of the following
28 conditions are met:

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

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

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

38 4. The lease is established at fair market value if the lease is
39 executed for a facility located on the site of a member district and was
40 approved by the joint committee on capital review, except that a lease that
41 was executed or renewed before December 31, 2012 is not subject to approval
42 by the joint committee on capital review. The requirement prescribed in this
43 paragraph does not apply from and after December 31, 2016.

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

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

11 U. BEGINNING IN FISCAL YEAR 2016-2017, BASE SUPPORT LEVEL FUNDING THAT
12 A SCHOOL DISTRICT OR CHARTER SCHOOL RECEIVES FOR A PUPIL WHO IS ENROLLED IN
13 BOTH A SCHOOL DISTRICT OR CHARTER SCHOOL AND A JOINT TECHNICAL EDUCATION
14 DISTRICT SHALL BE FUNDED AT NINETY-TWO AND ONE-HALF PERCENT OF THE BASE
15 SUPPORT LEVEL FUNDING THAT THE SCHOOL DISTRICT OR CHARTER SCHOOL WOULD
16 OTHERWISE RECEIVE FOR THAT PUPIL.

17 V. BEGINNING IN FISCAL YEAR 2016-2017, BASE SUPPORT LEVEL FUNDING THAT
18 A JOINT TECHNICAL EDUCATION DISTRICT RECEIVES FOR A PUPIL WHO IS ENROLLED IN
19 BOTH A SCHOOL DISTRICT OR CHARTER SCHOOL AND A JOINT TECHNICAL EDUCATION
20 DISTRICT SHALL BE FUNDED AT NINETY-TWO AND ONE-HALF PERCENT OF THE BASE
21 SUPPORT LEVEL FUNDING THAT THE JOINT TECHNICAL EDUCATION DISTRICT WOULD
22 OTHERWISE RECEIVE FOR THAT PUPIL.

23 ~~U.~~ W. For the purposes of this section:

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

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

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

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

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

40 Sec. 8. Section 15-901, Arizona Revised Statutes, is amended to read:

41 15-901. Definitions

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

43 1. "Average daily membership" means the total enrollment of fractional
44 students and full-time students, minus withdrawals, of each school day
45 through the first one hundred days or two hundred days in session, as

1 applicable, for the current year. Withdrawals include students formally
2 withdrawn from schools and students absent for ten consecutive school days,
3 except for excused absences identified by the department of education. For
4 the purposes of this section, school districts and charter schools shall
5 report student absence data to the department of education at least once
6 every sixty days in session. For computation purposes, the effective date of
7 withdrawal shall be retroactive to the last day of actual attendance of the
8 student or excused absence.

9 (a) "Fractional student" means:

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

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

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

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

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

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

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

4 (v) Except as otherwise provided by law, for any student who is
5 concurrently enrolled in a school district and a charter school, the average
6 daily membership shall be apportioned between the school district and the
7 charter school and shall not exceed 1.0. The apportionment shall be based on
8 the percentage of total time that the student is enrolled in or in attendance
9 at the school district and the charter school.

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

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

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

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

26 (a) Grades one through eight.

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

28 4. "Current year" means the fiscal year in which a school district is
29 operating.

30 5. "Daily attendance" means:

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

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

42 (ii) Of the first, second or third grades attends more than
43 three-quarters of the instructional time scheduled for the day.

1 (iii) Of the fourth, fifth or sixth grades attends more than
2 three-quarters of the instructional time scheduled for the day, except as
3 provided in section 15-797.

4 (iv) Of the seventh or eighth grades attends more than three-quarters
5 of the instructional time scheduled for the day, except as provided in
6 section 15-797.

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

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

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

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

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

33 (e) For high schools, the attendance of a pupil may be counted as
34 one-fourth of a day's attendance for each sixty minutes of instructional time
35 in a subject that counts toward graduation, except that attendance for a
36 pupil shall not exceed the pupil's full or fractional membership.

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

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

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

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

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

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

17 8. "Eligible students" means:

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

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

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

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

41 (c) Children with disabilities, as defined by section 15-761, who are
42 transported by or for the school district or who are admitted pursuant to
43 chapter 8, article 1.1 of this title and who qualify as full-time students or
44 fractional students regardless of location or residence within the school

1 district or children with disabilities whose transportation is required by
2 the pupil's individualized education program.

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

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

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

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

16 12. "Revenue control limit" means the base revenue control limit plus
17 the transportation revenue control limit.

18 13. "Student count" means:

19 (a) THROUGH JUNE 30, 2016, average daily membership as prescribed in
20 this subsection for the fiscal year before the current year, except that for
21 the purpose of budget preparation student count means average daily
22 membership as prescribed in this subsection for the current year.

23 (b) BEGINNING JULY 1, 2016, AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN
24 THIS SUBSECTION FOR THE CURRENT YEAR.

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

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

29 16. "Total students transported" means all eligible students
30 transported from their place of residence to a school transportation pickup
31 point or to the school of attendance and from the school of attendance or
32 from the school transportation scheduled return point to their place of
33 residence.

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

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

38 1. "Base" means the revenue level per student count specified by the
39 legislature.

40 2. "Base level" means the following amounts plus the percentage
41 increases to the base level as provided in sections 15-902.04, 15-918.04,
42 15-919.04 and 15-952, except that if a school district or charter school is
43 eligible for an increase in the base level as provided in two or more of
44 these sections, the base level amount shall be calculated by compounding

1 rather than adding the sum of one plus the percentage of the increase from
2 those different sections:

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

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

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

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

11 (e) For fiscal year 2014-2015, three thousand three hundred
12 seventy-three dollars eleven cents.

13 (f) FOR FISCAL YEAR 2015-2016, THREE THOUSAND FOUR HUNDRED TWENTY-SIX
14 DOLLARS SEVENTY-FOUR CENTS.

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

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

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

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

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

34 8. "ED-P" means programs for children with emotional disabilities who
35 are enrolled in private special education programs as prescribed in section
36 15-765, subsection D, paragraph 1 or in an intensive school district program
37 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

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

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

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

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

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

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

42 18. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils
43 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. 9. Repeal

44 Section 15-917, Arizona Revised Statutes, is repealed.

1 Sec. 10. Section 15-945, Arizona Revised Statutes, is amended to read:
 2 15-945. [Transportation support level](#)

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

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

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

11 3. Determine the number of eligible students transported in the fiscal
 12 year prior to the current year.

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

16 5. Determine the classification in column 1 of this paragraph for the
 17 quotient determined in paragraph 4 of this subsection. Multiply the product
 18 obtained in paragraph 2 of this subsection by the corresponding state support
 19 level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
21 Approved Daily Route	State Support Level per
22 Mileage per Eligible	Route Mile for
23 <u>Student Transported</u>	<u>Fiscal Year 2014-2015 2015-2016</u>
24 0.5 or less	2.49 2.53
25 More than 0.5 through 1.0	2.04 2.07
26 More than 1.0	2.49 2.53

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

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

D. The transportation support level for each school district for the current year is the sum of the support level for to and from school as determined in subsection A of this section, the support level for academic education, career and technical education, vocational education and athletic trips as determined in subsection B of this section and the support level for extended school year services for pupils with disabilities as determined in subsection C of this section.

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

1 F. School districts must provide the odometer reading for each bus as
2 of the end of the current year and the total bus mileage during the current
3 year.

4 Sec. 11. Section 15-961, Arizona Revised Statutes, is amended to read:
5 15-961. District additional assistance: growth rate

6 A. District additional assistance per student count is established as
7 follows:

8 1. For school districts with a student count of less than one hundred
9 for kindergarten programs and grades one through eight, five hundred
10 forty-four dollars fifty-eight cents. For school districts with a student
11 count of one hundred or more and less than six hundred for kindergarten
12 programs and grades one through eight, multiply three hundred eighty-nine
13 dollars twenty-five cents by the weight that corresponds to the student count
14 for kindergarten programs and grades one through eight for the school
15 district as provided in section 15-943, paragraph 1, subdivision (a), column
16 3. For a school district with a student count of six hundred or more in
17 kindergarten programs and grades one through eight, the limit is four hundred
18 fifty dollars seventy-six cents.

19 2. For school districts with a student count of less than one hundred
20 for grades nine through twelve, six hundred one dollars twenty-four cents.
21 For school districts with a student count of one hundred or more and less
22 than six hundred for grades nine through twelve, multiply four hundred five
23 dollars fifty-nine cents by the weight that corresponds to the student count
24 for grades nine through twelve for the school district as provided in section
25 15-943, paragraph 1, subdivision (b), column 3. For a school district with a
26 student count of six hundred or more in grades nine through twelve, the limit
27 is four hundred ninety-two dollars ninety-four cents.

28 3. For programs for preschool children with disabilities, four hundred
29 fifty dollars seventy-six cents.

30 B. District additional assistance for a school district shall be
31 computed as follows:

32 1. Select the applicable district additional assistance per student
33 count for the school district.

34 2. Multiply the amount or amounts selected in paragraph 1 of this
35 subsection by the appropriate student count of the school district. ~~The~~
36 ~~student count of the school district shall not include any pupils in a~~
37 ~~charter school sponsored by the district pursuant to section 15-185,~~
38 ~~subsection A, paragraph 3.~~

39 3. If a school district's student count used for the budget year is
40 greater than one hundred five ~~per cent~~ PERCENT of the student count used for
41 the current year's budget, increase the adjusted district additional
42 assistance determined in paragraph 2 of this subsection by fifty ~~per cent~~
43 PERCENT of the actual percentage increase in the school district's student
44 count.

1 C. An amount for the purchase of required textbooks and related
2 printed subject matter materials shall be used to increase the district
3 additional assistance for a school district as determined in subsection B,
4 paragraph 2 or 3 of this section, whichever is applicable. This amount shall
5 equal the student count in grades nine through twelve multiplied by
6 sixty-nine dollars sixty-eight cents.

7 Sec. 12. Section 15-972, Arizona Revised Statutes, is amended to read:

8 15-972. State limitation on homeowner property taxes:
9 additional state aid to school districts: definitions

10 A. Notwithstanding section 15-971, there shall be additional state aid
11 for education computed for school districts as provided in subsection B of
12 this section.

13 B. The clerk of the board of supervisors shall compute such additional
14 state aid for education as follows:

15 1. For a high school district or for a common school district within a
16 high school district ~~which~~ THAT does not offer instruction in high school
17 subjects as provided in section 15-447:

18 (a) Determine the qualifying tax rate pursuant to section 41-1276 for
19 the school district.

20 (b) Determine the following percentage of the qualifying tax rate
21 determined in subdivision (a) of this paragraph:

22 (i) Thirty-five ~~per-cent~~ PERCENT through December 31, 2005.

23 (ii) Thirty-six ~~per-cent~~ PERCENT beginning from and after December 31,
24 2005 through December 31, 2006.

25 (iii) Thirty-seven ~~per-cent~~ PERCENT beginning from and after December
26 31, 2006 through December 31, 2007.

27 (iv) Thirty-eight ~~per-cent~~ PERCENT beginning from and after December
28 31, 2007 through December 31, 2008.

29 (v) Thirty-nine ~~per-cent~~ PERCENT beginning from and after December 31,
30 2008 through December 31, 2009.

31 (vi) Forty ~~per-cent~~ PERCENT beginning from and after December 31,
32 2009.

33 (vii) Such further adjustments of the percentage beginning from and
34 after December 31, 2012 as provided by law.

35 (c) Select the lesser of the amount determined in subdivision (b) of
36 this paragraph or forty ~~per-cent~~ PERCENT of the primary property tax rate
37 that would be levied in lieu of the provisions of this section for the
38 district.

39 (d) Multiply the rate selected in subdivision (c) of this paragraph as
40 a rate per one hundred dollars assessed valuation by the assessed valuation
41 used for primary property taxes of the residential property in the school
42 district.

43 2. For a unified school district, for a common school district not
44 within a high school district or for a common school district ~~which~~ THAT
45 offers instruction in high school subjects as provided in section 15-447:

1 (a) Determine the qualifying tax rate pursuant to section 41-1276 for
2 the school district.

3 (b) Determine the following percentage of the tax rate determined in
4 subdivision (a) of this paragraph:

5 (i) Thirty-five ~~per cent~~ PERCENT through December 31, 2005.

6 (ii) Thirty-six ~~per cent~~ PERCENT beginning from and after December 31,
7 2005 through December 31, 2006.

8 (iii) Thirty-seven ~~per cent~~ PERCENT beginning from and after December
9 31, 2006 through December 31, 2007.

10 (iv) Thirty-eight ~~per cent~~ PERCENT beginning from and after December
11 31, 2007 through December 31, 2008.

12 (v) Thirty-nine ~~per cent~~ PERCENT beginning from and after December 31,
13 2008 through December 31, 2009.

14 (vi) Forty ~~per cent~~ PERCENT beginning from and after December 31,
15 2009.

16 (vii) Such further adjustments of the percentage beginning from and
17 after December 31, 2012 as provided by law.

18 (c) Select the lesser of the amount determined in subdivision (b) of
19 this paragraph or forty ~~per cent~~ PERCENT of the primary property tax rate
20 that would be levied in lieu of the provisions of this section for the
21 district.

22 (d) Multiply the rate selected in subdivision (c) of this paragraph as
23 a rate per one hundred dollars assessed valuation by the assessed valuation
24 used for primary property taxes of the residential property in the district.

25 C. The clerk of the board of supervisors shall report to the
26 department of revenue not later than the Friday following the third Monday in
27 August of each year the amount by school district of additional state aid for
28 education and the data used for computing the amount as provided in
29 subsection B of this section. The department of revenue shall verify all of
30 the amounts and report to the county board of supervisors not later than
31 August 30 of each year the property tax rate or rates ~~which~~ THAT shall be
32 used for property tax reduction as provided in subsection E of this section.

33 D. The board of supervisors shall reduce the property tax rate or
34 rates that would be levied in lieu of the provisions of this section by the
35 school district or districts on the assessed valuation used for primary
36 property taxes of the residential property in the school district or
37 districts by the rate or rates selected in subsection B, paragraph 1,
38 subdivision (c) and paragraph 2, subdivision (c) of this section. The excess
39 of the reduction in property taxes for a parcel of property resulting from
40 the reduction in the property tax rate pursuant to this subsection over the
41 amounts listed in this subsection shall be deducted from the amount of
42 additional state aid for education. The reduction in property taxes on a
43 parcel of property resulting from the reduction in the property tax rate
44 pursuant to this subsection shall not exceed the following amounts except as
45 provided in subsection I of this section:

- 1 1. Five hundred dollars through December 31, 2005.
- 2 2. Five hundred twenty dollars beginning from and after December 31,
- 3 2005 through December 31, 2006.
- 4 3. Five hundred forty dollars beginning from and after December 31,
- 5 2006 through December 31, 2007.
- 6 4. Five hundred sixty dollars beginning from and after December 31,
- 7 2007 through December 31, 2008.
- 8 5. Five hundred eighty dollars beginning from and after December 31,
- 9 2008 through December 31, 2009.
- 10 6. Six hundred dollars beginning from and after December 31, 2009.
- 11 E. Prior to the levying of taxes for school purposes the board of
- 12 supervisors shall determine whether the total primary property taxes to be
- 13 levied for all taxing jurisdictions on each parcel of residential property,
- 14 in lieu of the provisions of this subsection, violate article IX, section 18,
- 15 Constitution of Arizona. For those properties that qualify for property tax
- 16 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of
- 17 Arizona, eligibility for the credit is determined on the basis of the limited
- 18 property value that corresponds to the taxable assessed value after reduction
- 19 for the applicable exemption. If the board of supervisors determines that
- 20 such a situation exists, the board shall apply a credit against the primary
- 21 property taxes due from each such parcel in the amount in excess of article
- 22 IX, section 18, Constitution of Arizona. Such excess amounts shall also be
- 23 additional state aid for education for the school district or districts in
- 24 which such parcel of property is located.
- 25 F. The clerk of the board of supervisors shall report to the
- 26 department of revenue not later than September 5 of each year the amount by
- 27 school district of additional state aid for education and the data used for
- 28 computing the amount as provided in subsection B of this section. The
- 29 department of revenue shall verify all of the amounts and report to the board
- 30 of supervisors not later than September 10 of each year the property tax rate
- 31 ~~which~~ THAT shall be used for property tax reduction as provided in subsection
- 32 E of this section.
- 33 G. The clerk of the board of supervisors shall report to the
- 34 department of revenue not later than September 30 of each year in writing the
- 35 following:
- 36 1. The data processing specifications used in the calculations
- 37 provided for in subsections B and E of this section.
- 38 2. At a minimum, copies of two actual tax bills for residential
- 39 property for each distinct tax area.
- 40 H. The department of revenue shall report to the state board of
- 41 education not later than October 12 of each year the amount by school
- 42 district of additional state aid for education as provided in this section.
- 43 The additional state aid for education provided in this section shall be
- 44 apportioned as provided in section 15-973.

1 I. If a parcel of property is owned by a cooperative apartment
2 corporation or is owned by the tenants of a cooperative apartment corporation
3 as tenants in common, the reduction in the property taxes prescribed in
4 subsection D of this section shall not exceed the amounts listed in
5 subsection D of this section for each owner-occupied housing unit on the
6 property. The assessed value used for determining the reduction in taxes for
7 the property is equal to the total assessed value of the property times the
8 ratio of the number of owner-occupied housing units to the total number of
9 housing units on the property. For the purposes of this subsection,
10 "cooperative apartment corporation" means a corporation:

- 11 1. Having only one class of outstanding stock.
- 12 2. All of the stockholders of which are entitled, solely by reason of
13 their ownership of stock in the corporation, to occupy for dwelling purposes
14 apartments in a building owned or leased by such corporation and who are not
15 entitled, either conditionally or unconditionally, except upon a complete or
16 partial liquidation of the corporation, to receive any distribution not out
17 of earnings and profits of the corporation.

18 3. Eighty ~~per cent~~ PERCENT or more of the gross income of which is
19 derived from tenant-stockholders. For the purposes of this paragraph, "gross
20 income" means gross income as defined by the United States internal revenue
21 code, as defined in section 43-105.

22 J. The total amount of state monies that may be spent in any fiscal
23 year for state aid for education in this section shall not exceed the amount
24 appropriated or authorized by section 35-173 for that purpose. This section
25 shall not be construed to impose a duty on an officer, agent or employee of
26 this state to discharge a responsibility or to create any right in a person
27 or group if the discharge or right would require an expenditure of state
28 monies in excess of the expenditure authorized by legislative appropriation
29 for that specific purpose.

30 K. NOTWITHSTANDING SUBSECTION E OF THIS SECTION, BEGINNING IN FISCAL
31 YEAR 2015-2016, THE MAXIMUM AMOUNT OF ADDITIONAL STATE AID FOR EDUCATION THAT
32 WILL BE FUNDED BY THIS STATE PURSUANT TO SUBSECTION E OF THIS SECTION SHALL
33 BE ONE MILLION DOLLARS PER COUNTY. FOR ANY COUNTY WITH A SCHOOL DISTRICT OR
34 DISTRICTS THAT COLLECTIVELY WOULD OTHERWISE RECEIVE MORE THAN ONE MILLION IN
35 ADDITIONAL STATE AID FOR EDUCATION PURSUANT TO SUBSECTION E OF THIS SECTION,
36 THE PROPERTY TAX OVERSIGHT COMMISSION ESTABLISHED BY SECTION 42-17002 SHALL
37 DETERMINE THE PROPORTION OF THE VIOLATION OF ARTICLE IX, SECTION 18,
38 CONSTITUTION OF ARIZONA, THAT IS ATTRIBUTABLE TO EACH TAXING JURISDICTION
39 WITHIN THE AFFECTED SCHOOL DISTRICT OR DISTRICTS. BASED ON THOSE
40 PROPORTIONS, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL DETERMINE AN AMOUNT
41 THAT EACH TAXING JURISDICTION WITHIN THE AFFECTED SCHOOL DISTRICT OR
42 DISTRICTS SHALL TRANSFER TO THE AFFECTED SCHOOL DISTRICT OR DISTRICTS DURING
43 THE FISCAL YEAR IN ORDER TO COMPENSATE THE AFFECTED SCHOOL DISTRICT OR
44 DISTRICTS FOR ITS PRO RATA SHARE OF THE REDUCTION IN ADDITIONAL STATE AID FOR
45 EDUCATION FUNDING REQUIRED BY THIS SUBSECTION. IN DETERMINING THE PROPORTION

1 OF THE VIOLATION OF ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA, THAT IS
2 ATTRIBUTABLE TO EACH TAXING JURISDICTION WITHIN THE AFFECTED SCHOOL DISTRICT
3 OR DISTRICTS, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL ASSUME A PROPORTION
4 OF ZERO FOR ANY TAXING JURISDICTION THAT HAS A TAX RATE FOR THE FISCAL YEAR
5 THAT IS EQUAL TO OR LESS THAN THE TAX RATE OF PEER JURISDICTIONS, AS
6 DETERMINED BY THE PROPERTY TAX OVERSIGHT COMMISSION.

7 ~~K.~~ L. For the purposes of this section:

8 1. "Owner" includes any purchaser under a contract of sale or under a
9 deed of trust.

10 2. "Residential property" includes owner-occupied real property and
11 improvements to the property and owner-occupied mobile homes that are used as
12 the owner's primary residence and classified as class three property pursuant
13 to section 42-12003.

14 Sec. 13. Section 15-2002, Arizona Revised Statutes, is amended to
15 read:

16 15-2002. Powers and duties; executive director; staffing;
17 report

18 A. The school facilities board shall:

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

21 2. Maintain a database of school facilities to administer the building
22 renewal grant fund and new school facilities formula. The facilities listed
23 in the database must include all buildings that are owned by school
24 districts. The school facilities board shall ensure that the database is
25 updated on at least an annual basis. Each school district shall report to
26 the school facilities board no later than September 1 of each year
27 information as required by the school facilities board for the administration
28 of the building renewal grant fund and computation of new school facilities
29 formula distributions, including the nature and cost of major repairs,
30 renovations or physical improvements to or replacement of building systems or
31 equipment that were made in the previous year and that were paid for either
32 with local monies or monies provided by the school facilities board from the
33 building renewal grant fund. Each school district shall report any school or
34 school buildings that have been closed, that have been leased to another
35 entity or that operate as a charter school. The school facilities board may
36 review or audit the information, or both, to confirm the information
37 submitted by a school district. Notwithstanding any other provision of this
38 chapter, if a school district converts space that is listed in the database
39 maintained pursuant to this paragraph to space that will be used for
40 administrative purposes, the school district is responsible for any costs
41 associated with the conversion, maintenance and replacement of that space.
42 If a building is significantly upgraded or remodeled, the school facilities
43 BOARD shall adjust the age of that school facility in the database as
44 follows:

- 1 (a) Determine the building capacity value as follows:
- 2 (i) Multiply the student capacity of the building by the per pupil
- 3 square foot capacity established by section 15-2041.
- 4 (ii) Multiply the product determined in item (i) of this subdivision
- 5 by the cost per square foot established by section 15-2041.
- 6 (b) Divide the cost of the renovation by the building capacity value
- 7 determined in subdivision (a) of this paragraph.
- 8 (c) Multiply the quotient determined in subdivision (b) of this
- 9 paragraph by the currently listed age of the building in the database.
- 10 (d) Subtract the product determined in subdivision (c) of this
- 11 paragraph from the currently listed age of the building in the database,
- 12 rounded to the nearest whole number. If the result is a negative number, use
- 13 zero.
- 14 3. Inspect school buildings at least once every five years to ensure
- 15 compliance with the building adequacy standards prescribed in section 15-2011
- 16 and routine preventative maintenance guidelines as prescribed in this section
- 17 with respect to construction of new buildings and maintenance of existing
- 18 buildings. The school facilities board shall randomly select twenty school
- 19 districts every thirty months and inspect them pursuant to this paragraph.
- 20 4. Review and approve student population projections submitted by
- 21 school districts to determine to what extent school districts are entitled to
- 22 monies to construct new facilities pursuant to section 15-2041. The board
- 23 shall make a final determination within six months of the receipt of an
- 24 application by a school district for monies from the new school facilities
- 25 fund.
- 26 5. Certify that plans for new school facilities meet the building
- 27 adequacy standards prescribed in section 15-2011.
- 28 6. Develop prototypical elementary and high school designs. The board
- 29 shall review the design differences between the schools with the highest
- 30 academic productivity scores and the schools with the lowest academic
- 31 productivity scores. The board shall also review the results of a valid and
- 32 reliable survey of parent quality rating in the highest performing schools
- 33 and the lowest performing schools in this state. The survey of parent
- 34 quality rating shall be administered by the department of education. The
- 35 board shall consider the design elements of the schools with the highest
- 36 academic productivity scores and parent quality ratings in the development of
- 37 elementary and high school designs. The board shall develop separate school
- 38 designs for elementary, middle and high schools with varying pupil
- 39 capacities.
- 40 7. Develop application forms, reporting forms and procedures to carry
- 41 out the requirements of this article.
- 42 8. Review and approve or reject requests submitted by school districts
- 43 to take actions pursuant to section 15-341, subsection G.

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

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

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

11 (c) A summary of the findings and conclusions of the building
12 maintenance inspections conducted pursuant to this article during the
13 previous fiscal year.

14 (d) A summary of the findings of common design elements and
15 characteristics of the highest performing schools and the lowest performing
16 schools based on academic productivity, including the results of the parent
17 quality rating survey. For the purposes of this subdivision, "academic
18 productivity" means academic year advancement per calendar year as measured
19 with student-level data using the statewide nationally standardized
20 norm-referenced achievement test.

21 10. On or before December 1 of each year, report electronically to the
22 joint committee on capital review the amounts necessary to fulfill the
23 requirements of sections 15-2022 and 15-2041 for the following three fiscal
24 years. In developing the amounts necessary for this report, the school
25 facilities board shall use the most recent average daily membership data
26 available. On request from the board, the department of education shall make
27 available the most recent average daily membership data for use in
28 calculating the amounts necessary to fulfill the requirements of section
29 15-2041 for the following three fiscal years. The board shall provide copies
30 of the report to the president of the senate, the speaker of the house of
31 representatives and the governor.

32 11. Adopt minimum school facility adequacy guidelines to provide the
33 minimum quality and quantity of school buildings and the facilities and
34 equipment necessary and appropriate to enable pupils to achieve the
35 educational goals of the Arizona state schools for the deaf and the blind.
36 The school facilities board shall establish minimum school facility adequacy
37 guidelines applicable to the Arizona state schools for the deaf and the
38 blind.

39 12. In each even-numbered year, report electronically to the joint
40 committee on capital review the amounts necessary to fulfill the requirements
41 of section 15-2041 for the Arizona state schools for the deaf and the blind
42 for the following two fiscal years. The Arizona state schools for the deaf
43 and the blind shall incorporate the findings of the report in any request for
44 new school facilities monies. Any monies provided to the Arizona state

1 schools for the deaf and the blind for new school facilities are subject to
2 legislative appropriation.

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

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

16 15. ON OR BEFORE JANUARY 1 OF EACH YEAR, REPORT TO THE JOINT
17 LEGISLATIVE BUDGET COMMITTEE ON ALL CLASS B BOND APPROVALS BY SCHOOL
18 DISTRICTS IN THAT YEAR. EACH SCHOOL DISTRICT SHALL REPORT TO THE SCHOOL
19 FACILITIES BOARD ON OR BEFORE DECEMBER 1 OF EACH YEAR INFORMATION REQUIRED BY
20 THE SCHOOL FACILITIES BOARD FOR THE REPORT PRESCRIBED IN THIS PARAGRAPH.

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

- 24 1. Private services.
- 25 2. Construction project management services.
- 26 3. Assessments for school buildings to determine if the buildings have
27 outlived their useful life pursuant to section 15-2041, subsection G.
- 28 4. Services related to land acquisition and development of a school
29 site.

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

- 40 1. Shall analyze applications for monies submitted to the board by
41 school districts.
- 42 2. Shall assist the board in developing forms and procedures for the
43 distribution and review of applications and the distribution of monies to
44 school districts.

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

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

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

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

10 7. May assist school districts in facilitating the development of
11 multijurisdictional facilities.

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

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

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

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

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

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

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

43 E. The school facilities board shall contract with one or more private
44 building inspectors to complete an initial assessment of school facilities
45 and equipment and shall inspect each school building in this state at least

1 once every five years to ensure compliance with section 15-2011. A copy of
2 the inspection report, together with any recommendations for building
3 maintenance, shall be provided to the school facilities board and the
4 governing board of the school district.

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

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

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

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

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

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

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

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

1 mandated by law or by the building or fire code of the jurisdiction where the
2 building is located.

3 3. The building systems, including roofs, plumbing, telephone systems,
4 electrical systems, heating systems and cooling systems, are in working order
5 and are capable of being properly maintained.

6 4. The buildings are structurally sound.

7 C. The standards that shall be used by the school facilities board to
8 determine whether a school building meets the minimum adequate gross square
9 footage requirements are as follows:

10 1. For a school district that provides instruction to pupils in
11 programs for preschool children with disabilities, kindergarten programs and
12 grades one through six, eighty square feet per pupil in programs for
13 preschool children with disabilities, kindergarten programs and grades one
14 through six.

15 2. For a school district that provides instruction to up to eight
16 hundred pupils in grades seven and eight, eighty-four square feet per pupil
17 in grades seven and eight.

18 3. For a school district that provides instruction to more than eight
19 hundred pupils in grades seven and eight, eighty square feet per pupil in
20 grades seven and eight or sixty-seven thousand two hundred square feet,
21 whichever is more.

22 4. For a school district that provides instruction to up to four
23 hundred pupils in grades nine through twelve, one hundred twenty-five square
24 feet per pupil in grades nine through twelve.

25 5. For a school district that provides instruction to more than four
26 hundred and up to one thousand pupils in grades nine through twelve, one
27 hundred twenty square feet per pupil in grades nine through twelve or fifty
28 thousand square feet, whichever is more.

29 6. For a school district that provides instruction to more than one
30 thousand and up to one thousand eight hundred pupils in grades nine through
31 twelve, one hundred twelve square feet per pupil in grades nine through
32 twelve or one hundred twenty thousand square feet, whichever is more.

33 7. For a school district that provides instruction to more than one
34 thousand eight hundred pupils in grades nine through twelve, ninety-four
35 square feet per pupil in grades nine through twelve or two hundred one
36 thousand six hundred square feet, whichever is more.

37 D. The school facilities board may modify the square footage
38 requirements prescribed in subsection C of this section or modify the amount
39 of monies awarded to cure the square footage deficiency pursuant to this
40 section for particular school districts based on extraordinary circumstances
41 for any of the following considerations:

42 1. The number of pupils served by the school district.

43 2. Geographic factors.

44 3. Grade configurations other than those prescribed in subsection C of
45 this section.

1 E. In measuring the square footage per pupil requirements of
2 subsection C of this section, the school facilities board shall:

3 1. Use the most recent one hundredth day average daily membership.

4 2. For each school, use the lesser of either:

5 (a) Total gross square footage.

6 (b) Student capacity multiplied by the appropriate square footage per
7 pupil prescribed by subsection C of this section.

8 3. Consider the total space available in all schools in use in the
9 school district, except that the school facilities board shall allow an
10 exclusion of the square footage for certain schools and the pupils within the
11 schools' boundaries if the school district demonstrates to the board's
12 satisfaction unusual or excessive busing of pupils or unusual attendance
13 boundary changes between schools.

14 4. Compute the gross square footage of all buildings by measuring from
15 exterior wall to exterior wall. Square footage used solely for district
16 administration, storage of vehicles and other nonacademic purposes shall be
17 excluded from the net square footage.

18 5. Include all portable and modular buildings.

19 6. Include in the net square footage new construction funded wholly or
20 partially by the school facilities board based on the square footage funded
21 by the school facilities board. If the new construction is to exceed the
22 square footage funded by the school facilities board, the excess square
23 footage shall not be included in the net square footage if any of the
24 following applies:

25 (a) The excess square footage was constructed before July 1, 2002 or
26 funded by a class B bond, impact aid revenue bond or capital outlay override
27 approved by the voters after August 1, 1998 and before June 30, 2002 or
28 funded from unrestricted capital outlay expended before June 30, 2002.

29 (b) The excess square footage of new school facilities does not exceed
30 twenty-five ~~per cent~~ PERCENT of the minimum square footage requirements
31 pursuant to subsection C of this section.

32 (c) The excess square footage of expansions to school facilities does
33 not exceed twenty-five ~~per cent~~ PERCENT of the minimum square footage
34 requirements pursuant to subsection C of this section.

35 7. Exclude square footage built under a developer agreement according
36 to section 15-342, paragraph 33 until the school facilities board provides
37 funding for the square footage under section 15-2041, subsection 0.

38 8. Include square footage that a school district has leased to another
39 entity, ~~including square footage leased to a charter school that is sponsored
40 by a school district pursuant to section 15-183.~~

41 F. The school facilities board shall adopt rules establishing minimum
42 school facility adequacy guidelines. The guidelines shall provide the
43 minimum quality and quantity of school buildings and facilities and equipment
44 necessary and appropriate to enable pupils to achieve the academic standards
45 pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections

1 15-701 and 15-701.01. At a minimum, the school facilities board shall
2 address all of the following in developing these guidelines:

- 3 1. School sites.
- 4 2. Classrooms.
- 5 3. Libraries and media centers, or both.
- 6 4. Cafeterias.
- 7 5. Auditoriums, multipurpose rooms or other multiuse space.
- 8 6. Technology.
- 9 7. Transportation.
- 10 8. Facilities for science, arts and physical education.
- 11 9. Other facilities and equipment that are necessary and appropriate
12 to achieve the academic standards prescribed pursuant to section 15-203,
13 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
- 14 10. Appropriate combinations of facilities or uses listed in this
15 section.

16 G. The board shall consider the facilities and equipment of the
17 schools with the highest academic productivity scores, as prescribed in
18 section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest
19 parent quality ratings in the establishment of the guidelines.

20 H. The school facilities board may consider appropriate combinations
21 of facilities or uses in making assessments of and curing existing
22 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in
23 certifying plans for new school facilities pursuant to section 15-2002,
24 subsection A, paragraph 5.

25 I. A child care facility that provides services utilizing the practice
26 of a documented educational philosophy including least restrictive
27 environment pursuant to section 36-883.05 may incorporate the minimum school
28 facility adequacy guidelines pursuant to subsection F of this section when
29 selecting a facility if the guidelines do not conflict with facility
30 requirements established by the department of health services.

31 J. For the purposes of this section, "student capacity" means the
32 capacity adjusted to include any additions to or deletions of space,
33 including modular or portable buildings at the school. The school facilities
34 board shall determine the student capacity for each school in conjunction
35 with each school district, recognizing each school's allocation of space as
36 of July 1, 1998, to achieve the academic standards prescribed pursuant to
37 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
38 15-701.01.

39 Sec. 15. Section 15-2032, Arizona Revised Statutes, is amended to
40 read:

41 15-2032. School facilities board building renewal grant fund;
42 definitions

43 A. The building renewal grant fund is established consisting of monies
44 appropriated to the fund by the legislature. The school facilities board
45 shall administer the fund and distribute monies to school districts for the

1 purpose of maintaining the adequacy of existing school facilities. Monies in
2 the fund are exempt from the provisions of section 35-190 relating to lapsing
3 of appropriations.

4 B. The school facilities board shall distribute monies from the fund
5 based on grant requests from school districts to fund primary building
6 renewal projects. Project requests shall be prioritized by the school
7 facilities board, with priority given to school districts that have provided
8 routine preventative maintenance on the facility, and to school districts
9 that can provide a match of monies provided by the fund. The school
10 facilities board shall approve only projects that will be completed within
11 twelve months, unless similar projects on average take longer to complete.

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

- 15 1. Major renovations and repairs to a building.
- 16 2. Upgrading systems and areas that will maintain or extend the useful
17 life of the building.
- 18 3. Infrastructure costs.

19 D. Monies received from the fund shall not be used for any of the
20 following purposes:

- 21 1. New construction.
- 22 2. Remodeling interior space for aesthetic or preferential reasons.
- 23 3. Exterior beautification.
- 24 4. Demolition.
- 25 5. Routine preventative maintenance.
- 26 6. Any project in a building, or part of a building, that is being
27 leased to another entity, ~~including a charter school that is sponsored by a~~
28 ~~school district pursuant to section 15-183.~~

29 E. Accommodation schools are not eligible for monies from the building
30 renewal grant fund.

31 F. If the school facilities board or a court of competent jurisdiction
32 determines that a school district received monies from the building renewal
33 grant fund that must be reimbursed to the school facilities board due to
34 legal action associated with improper construction by a hired contractor, the
35 school district shall reimburse the school facilities board an agreed-on
36 amount for deposit into the building renewal grant fund.

37 G. For the purposes of this section:

38 1. "Primary building renewal projects" means projects that are
39 necessary for buildings owned by school districts that are required to meet
40 the minimum adequacy standards for student capacity and that fall below the
41 minimum school facility adequacy guidelines, as adopted by the school
42 facilities board pursuant to section 15-2011, for school districts that have
43 provided routine preventative maintenance to the school facility.

1 2. "Routine preventative maintenance" means services that are
2 performed on a regular schedule at intervals ranging from four times a year
3 to once every three years, or on the schedule of services recommended by the
4 manufacturer of the specific building system or equipment, AND that are
5 intended to extend the useful life of a building system and reduce the need
6 for major repairs.

7 3. "Student capacity" has the same meaning prescribed in section
8 15-2011.

9 Sec. 16. Section 15-2041, Arizona Revised Statutes, is amended to
10 read:

11 15-2041. New school facilities fund; capital plan; report

12 A. A new school facilities fund is established consisting of monies
13 appropriated by the legislature and monies credited to the fund pursuant to
14 section 37-221. The school facilities board shall administer the fund and
15 distribute monies, as a continuing appropriation, to school districts for the
16 purpose of constructing new school facilities and for contracted expenses
17 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
18 of each fiscal year, any unobligated contract monies in the new school
19 facilities fund shall be transferred to the capital reserve fund established
20 by section 15-2003.

21 B. The school facilities board shall prescribe a uniform format for
22 use by the school district governing board in developing and annually
23 updating a capital plan that consists of each of the following:

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

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

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

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

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

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

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

39 5. If a school district pays tuition for all or a portion of the
40 school district's high school pupils to another school district, the capital
41 plan shall indicate the number of pupils for which the district pays tuition
42 to another district. If a school district accepts pupils from another school
43 district pursuant to section 15-824, subsection A, the school district shall
44 indicate the projections for this population separately. This paragraph does
45 not apply to a small isolated school district as defined in section 15-901.

1 C. If the capital plan indicates a need for a new school or an
2 addition to an existing school within the next four years or a need for land
3 within the next ten years, the school district shall submit its plan to the
4 school facilities board by September 1 and shall request monies from the new
5 school facilities fund for the new construction or land. The school
6 facilities board may require a school district to sell land that was
7 previously purchased entirely with monies provided by the school facilities
8 board if the school facilities board determines that the property is no
9 longer needed within the ten year period specified in this subsection for a
10 new school or no longer needed within that ten year period for an addition to
11 an existing school. Monies provided for land shall be in addition to any
12 monies provided pursuant to subsection D of this section.

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

15 1. The school facilities board shall review and evaluate the
16 enrollment projections. On or before March 1, following the submission of
17 the enrollment projections, the school facilities board shall either approve
18 the projections as submitted or revise the projections. In approving or
19 revising the enrollment projections, the school facilities board shall use
20 the most recent average daily membership data available. On request from the
21 school facilities board, the department of education shall make available the
22 most recent average daily membership data for use in revising the enrollment
23 projections. In determining new construction requirements, the school
24 facilities board shall determine the net new growth of pupils that will
25 require additional square footage that exceeds the building adequacy
26 standards prescribed in section 15-2011. If the projected growth and the
27 existing number of pupils exceed three hundred fifty pupils who are served in
28 a school district other than the pupil's resident school district, the school
29 facilities board, the receiving school district and the resident school
30 district shall develop a capital facilities plan on how to best serve those
31 pupils. A small isolated school district as defined in section 15-901 is not
32 required to develop a capital facilities plan pursuant to this paragraph.

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

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

43 (a) Determine the number of pupils requiring additional square footage
44 to meet building adequacy standards. This amount for elementary schools
45 shall not be less than the number of new pupils for whom space will be needed

1 in the next year and shall not exceed the number of new pupils for whom space
2 will be needed in the next five years. This amount for middle and high
3 schools shall not be less than the number of new pupils for whom space will
4 be needed in the next four years and shall not exceed the number of new
5 pupils for whom space will be needed in the next eight years.

6 (b) Multiply the number of pupils determined in subdivision (a) of
7 this paragraph by the square footage per pupil. The square footage per pupil
8 is ninety square feet per pupil for preschool children with disabilities,
9 kindergarten programs and grades one through six, one hundred square feet for
10 grades seven and eight, one hundred thirty-four square feet for a school
11 district that provides instruction in grades nine through twelve for fewer
12 than one thousand eight hundred pupils and one hundred twenty-five square
13 feet for a school district that provides instruction in grades nine through
14 twelve for at least one thousand eight hundred pupils. The total number of
15 pupils in grades nine through twelve in the district shall determine the
16 square footage factor to use for net new pupils. The school facilities board
17 may modify the square footage requirements prescribed in this subdivision for
18 particular schools based on any of the following factors:

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

21 (ii) Geographic factors.

22 (iii) Grade configurations other than those prescribed in this
23 subdivision.

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

26 (c) Multiply the product obtained in subdivision (b) of this paragraph
27 by the cost per square foot. The cost per square foot is ninety dollars for
28 preschool children with disabilities, kindergarten programs and grades one
29 through six, ninety-five dollars for grades seven and eight and one hundred
30 ten dollars for grades nine through twelve. The cost per square foot shall
31 be adjusted annually for construction market considerations based on an index
32 identified or developed by the joint legislative budget committee as
33 necessary but not less than once each year. The school facilities board
34 shall multiply the cost per square foot by 1.05 for any school district
35 located in a rural area. The school facilities board may only modify the
36 base cost per square foot prescribed in this subdivision for particular
37 schools based on geographic conditions or site conditions. For the purposes
38 of this subdivision, "rural area" means an area outside a thirty-five mile
39 radius of a boundary of a municipality with a population of more than fifty
40 thousand persons.

41 (d) Once the school district governing board obtains approval from the
42 school facilities board for new facility construction funds, additional
43 portable or modular square footage created for the express purpose of
44 providing temporary space for pupils until the completion of the new facility
45 shall not be included by the school facilities board for the purpose of new

1 construction funding calculations. On completion of the new facility
2 construction project, if the portable or modular facilities continue in use,
3 the portable or modular facilities shall be included as prescribed by this
4 chapter, unless the school facilities board approves their continued use for
5 the purpose of providing temporary space for pupils until the completion of
6 the next new facility that has been approved for funding from the new school
7 facilities fund.

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

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

18 6. If a school district leases a building to another entity, ~~including~~
19 ~~a charter school that is sponsored by a school district pursuant to section~~
20 ~~15-183,~~ that building shall be included in the school district's square
21 footage calculation for purposes of new construction pursuant to this
22 section.

23 7. A school district shall qualify for monies from the new school
24 facilities fund in a fiscal year only if the school facilities board has
25 approved or revised its enrollment projection under paragraph 3 of this
26 subsection on or before March 1 of the prior fiscal year.

27 E. Monies for architectural and engineering fees, project management
28 services and preconstruction services shall be distributed on the completion
29 of the analysis by the school facilities board of the school district's
30 request. After receiving monies pursuant to this subsection, the school
31 district shall submit a design development plan for the school or addition to
32 the school facilities board before any monies for construction are
33 distributed. If the school district's request meets the building adequacy
34 standards, the school facilities board may review and comment on the
35 district's plan with respect to the efficiency and effectiveness of the plan
36 in meeting state square footage and facility standards before distributing
37 the remainder of the monies. If the school facilities board modifies the
38 cost per square foot as prescribed in subsection D, paragraph 3, subdivision
39 (c) of this section, the school facilities board may deduct the cost of
40 project management services and preconstruction services from the required
41 cost per square foot. The school facilities board may decline to fund the
42 project if the square footage is no longer required due to revised enrollment
43 projections.

44 F. The school facilities board shall distribute the monies needed for
45 land for new schools so that land may be purchased at a price that is less

1 than or equal to fair market value and in advance of the construction of the
2 new school. If necessary, the school facilities board may distribute monies
3 for land to be leased for new schools if the duration of the lease exceeds
4 the life expectancy of the school facility by at least fifty ~~per-cent~~
5 PERCENT. A school district shall not use land purchased or partially
6 purchased with monies provided by the school facilities board for a purpose
7 other than a site for a school facility without obtaining prior written
8 approval from the school facilities board. A school district shall not
9 lease, sell or take any action that would diminish the value of land
10 purchased or partially purchased with monies provided by the school
11 facilities board without obtaining prior written approval from the school
12 facilities board. The proceeds derived through the sale of any land
13 purchased or partially purchased, or the sale of buildings funded or
14 partially funded, with monies provided by the school facilities board shall
15 be returned to the state fund from which it was appropriated and to any other
16 participating entity on a proportional basis. Except as provided in section
17 15-342, paragraph 33, if a school district acquires real property by donation
18 at an appropriate school site approved by the school facilities board, the
19 school facilities board shall distribute an amount equal to twenty ~~per-cent~~
20 PERCENT of the fair market value of the donated real property that can be
21 used for academic purposes. The school district shall place the monies in
22 the unrestricted capital outlay fund and increase the unrestricted capital
23 budget limit by the amount of monies placed in the fund. Monies distributed
24 under this subsection shall be distributed from the new school facilities
25 fund. A school district that receives monies from the new school facilities
26 fund for a donation of land pursuant to section 15-342, paragraph 33 shall
27 not receive monies from the school facilities board for the donation of real
28 property pursuant to this subsection. A school district shall not pay a
29 consultant a percentage of the value of any of the following:

30 1. Donations of real property, services or cash from any of the
31 following:

32 (a) Entities that have offered to provide construction services to the
33 school district.

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

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

37 (d) Entities that develop land for residential use in that school
38 district.

39 2. Monies received from the school facilities board on behalf of the
40 school district.

41 3. Monies paid by the school facilities board on behalf of the school
42 district.

43 G. In addition to distributions to school districts based on pupil
44 growth projections, a school district may submit an application to the school
45 facilities board for monies from the new school facilities fund if one or

1 more school buildings have outlived their useful life. If the school
2 facilities board determines that the school district needs to build a new
3 school building for these reasons, the school facilities board shall remove
4 the square footage computations that represent the building from the
5 computation of the school district's total square footage for purposes of
6 this section. If the square footage recomputation reflects that the school
7 district no longer meets building adequacy standards, the school district
8 qualifies for a distribution of monies from the new school construction
9 formula in an amount determined pursuant to subsection D of this section.
10 The school facilities board may only modify the base cost per square foot
11 prescribed in this subsection under extraordinary circumstances for
12 geographic factors or site conditions.

13 H. School districts that receive monies from the new school facilities
14 fund shall establish a district new school facilities fund and shall use the
15 monies in the district new school facilities fund only for the purposes
16 prescribed in this section. By October 15 of each year, each school district
17 shall report to the school facilities board the projects funded at each
18 school in the previous fiscal year with monies from the district new school
19 facilities fund and shall provide an accounting of the monies remaining in
20 the new school facilities fund at the end of the previous fiscal year.

21 I. If a school district has surplus monies received from the new
22 school facilities fund, the school district may use the surplus monies only
23 for capital purposes for the project for up to one year after completion of
24 the project. If the school district possesses surplus monies from the new
25 school construction project that have not been expended within one year of
26 the completion of the project, the school district shall return the surplus
27 monies to the school facilities board for deposit in the new school
28 facilities fund.

29 J. The board's consideration of any application filed after
30 December 31 of the year in which the property becomes territory in the
31 vicinity of a military airport or ancillary military facility as defined in
32 section 28-8461 for monies to fund the construction of new school facilities
33 proposed to be located in territory in the vicinity of a military airport or
34 ancillary military facility shall include, if after notice is transmitted to
35 the military airport pursuant to section 15-2002 and before the public
36 hearing the military airport provides comments and an analysis concerning
37 compatibility of the proposed school facilities with the high noise or
38 accident potential generated by military airport or ancillary military
39 facility operations that may have an adverse effect on public health and
40 safety, consideration and analysis of the comments and analysis provided by
41 the military airport before making a final determination.

42 K. If a school district uses its own project manager for new school
43 construction, the members of the school district governing board and the
44 project manager shall sign an affidavit stating that the members and the

1 project manager understand and will follow the minimum adequacy requirements
2 prescribed in section 15-2011.

3 L. The school facilities board shall establish a separate account in
4 the new school facilities fund designated as the litigation account to pay
5 attorney fees, expert witness fees and other costs associated with litigation
6 in which the school facilities board pursues the recovery of damages for
7 deficiencies correction that resulted from alleged construction defects or
8 design defects that the school facilities board believes caused or
9 contributed to a failure of the school building to conform to the building
10 adequacy requirements prescribed in section 15-2011. Attorney fees paid
11 pursuant to this subsection shall not exceed the market rate for similar
12 types of litigation. On or before December 1 of each year, the school
13 facilities board shall report to the joint committee on capital review the
14 costs associated with current and potential litigation that may be paid from
15 the litigation account.

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

21 N. The school facilities board shall submit electronically a report on
22 project management services and preconstruction services to the governor, the
23 president of the senate and the speaker of the house of representatives by
24 December 31 of each year. The report shall compare projects that use project
25 management and preconstruction services with those that do not. The report
26 shall address cost, schedule and other measurable components of a
27 construction project. School districts, construction manager at risk firms
28 and project management firms that participate in a school facilities board
29 funded project shall provide the information required by the school
30 facilities board in relation to this report.

31 O. If a school district constructs new square footage according to
32 section 15-342, paragraph 33, the school facilities board shall review the
33 design plans and location of any new school facility submitted by school
34 districts and another party to determine whether the design plans comply with
35 the adequacy standards prescribed in section 15-2011 and the square footage
36 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)
37 of this section. When the school district qualifies for a distribution of
38 monies from the new school facilities fund according to this section, the
39 school facilities board shall distribute monies to the school district from
40 the new school facilities fund for the square footage constructed under
41 section 15-342, paragraph 33 at the same cost per square foot established by
42 this section that was in effect at the time of the beginning of the
43 construction of the school facility. Before the school facilities board
44 distributes any monies pursuant to this subsection, the school district shall
45 demonstrate to the school facilities board that the facilities to be funded

1 pursuant to this section meet the minimum adequacy standards prescribed in
2 section 15-2011. The agreement entered into pursuant to section 15-342,
3 paragraph 33 shall set forth the procedures for the allocation of these funds
4 to the parties that participated in the agreement.

5 P. Accommodation schools are not eligible for monies from the new
6 school facilities fund.

7 Sec. 17. Title 15, chapter 16, article 5, Arizona Revised Statutes, is
8 amended by adding section 15-2042, to read:

9 15-2042. Access our best public schools fund

10 THE ACCESS OUR BEST PUBLIC SCHOOLS FUND IS ESTABLISHED CONSISTING OF
11 MONIES APPROPRIATED BY THE LEGISLATURE AND GRANTS, GIFTS, DEVISES AND
12 DONATIONS FROM ANY PUBLIC OR PRIVATE SOURCE. THE SCHOOL FACILITIES BOARD
13 SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE
14 APPROPRIATION AND SHALL BE AVAILABLE TO PUBLIC SCHOOLS THAT ARE MEMBERS OF
15 THE ARIZONA PUBLIC SCHOOL ACHIEVEMENT DISTRICT TO CONSTRUCT NEW SCHOOL
16 FACILITIES OR TO EXPAND EXISTING SCHOOL FACILITIES. AT LEAST FIFTY PERCENT
17 OF THE PROJECTS THAT RECEIVE MONIES FROM THE FUND SHALL BE IN LOW
18 SOCIOECONOMIC AREAS.

19 Sec. 18. Repeal

20 Laws 2014, chapter 16, section 6, as amended by Laws 2014, chapter 214,
21 section 5, is repealed.

22 Sec. 19. Deposits in the education learning and accountability
23 fund

24 On or before December 31, 2015, each community college district shall
25 transmit six dollars per full-time student equivalent according to the most
26 recent audit and each university under the jurisdiction of the Arizona board
27 of regents shall transmit six dollars per actual university full-time
28 equivalent student to the department of education for deposit in the
29 education learning and accountability fund established by section 15-249.02,
30 Arizona Revised Statutes.

31 Sec. 20. District additional assistance for school districts:
32 reduction for fiscal year 2015-2016; nonclassroom
33 spending

34 A. For fiscal year 2015-2016, the department of education shall reduce
35 by \$352,442,700 the amount of basic state aid that otherwise would be
36 apportioned to school districts statewide for fiscal year 2015-2016 for
37 district additional assistance prescribed in section 15-961, Arizona Revised
38 Statutes, and shall reduce school district budget limits accordingly.

39 B. For fiscal year 2015-2016, the department of education shall reduce
40 district additional assistance for a school district that is not eligible to
41 receive basic state aid funding for fiscal year 2015-2016 by the amount that
42 its district additional assistance would be reduced pursuant to subsection A
43 of this section if the district were eligible to receive basic state aid
44 funding for fiscal year 2015-2016 and shall reduce the school district's
45 budget limits accordingly.

1 C. It is the intent of the legislature that at least \$113,457,200 of
2 the reduction prescribed in subsection A of this section be implemented by
3 school districts through reductions in nonclassroom spending. The
4 superintendent or chief executive officer and the school finance officer of
5 each school district shall certify that the school district's prorated share
6 of this \$113,457,200 amount has been achieved through reductions in
7 nonclassroom spending.

8 Sec. 21. K-12 formula reductions; small districts; maximum

9 Notwithstanding any other law, the sum of district additional
10 assistance reductions in fiscal year 2015-2016 for school districts with a
11 student count of fewer than 1,100 pupils may not exceed \$5,000,000.

12 Sec. 22. Additional assistance funding for charter schools;
13 reduction for fiscal year 2015-2016; nonclassroom
14 spending

15 A. The department of education shall reduce by \$18,656,000 the amount
16 of charter additional assistance funding that otherwise would be apportioned
17 to charter schools statewide for fiscal year 2015-2016 pursuant to section
18 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as amended by
19 this act, and shall reduce school district budget limits accordingly. The
20 funding reduction required under this section shall be made on a proportional
21 basis based on the charter additional assistance funding that each charter
22 school in the state would have received for fiscal year 2015-2016 without the
23 prescribed reduction.

24 B. For fiscal year 2015-2016, the department of education shall reduce
25 charter additional assistance funding for a school district that is not
26 eligible to receive basic state aid funding for fiscal year 2015-2016 by the
27 amount that its charter additional assistance funding would be reduced
28 pursuant to subsection A of this section if the school district were eligible
29 to receive basic state aid funding for fiscal year 2015-2016 and shall reduce
30 the school district's budget limits accordingly.

31 C. It is the intent of the legislature that at least \$3,000,000 of the
32 reduction prescribed in subsection A of this section be implemented by
33 charter schools through reductions in nonclassroom spending. The
34 superintendent or chief executive officer and school finance officer of each
35 charter school shall certify that the charter school's pro rata share of this
36 \$3,000,000 reduction has been achieved through reductions in nonclassroom
37 spending.

38 Sec. 23. Pilot program on school emergency readiness; report;
39 delayed repeal

40 A. The \$3,646,400 state general fund appropriation to the department
41 of education for the school safety program for fiscal year 2015-2016 in the
42 general appropriations act includes \$100,000 for a pilot program on school
43 emergency readiness.

1 B. On or before September 30, 2015, school districts shall submit
2 applications to the department of education to participate in the pilot
3 program.

4 C. On or before November 30, 2015, the department of education shall
5 select three school districts to participate in the pilot program. The
6 selected school districts shall collectively consist of no more than
7 thirty-one individual school sites and shall include:

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

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

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

17 D. School districts that are selected to participate in the pilot
18 program shall be provided and use a readiness and emergency management
19 program that incorporates the following:

20 1. Education-specific emergency management software. All plans and
21 critical emergency readiness information, including contacts, floor plans and
22 critical equipment photos and locations, shall be accessible online and
23 off-line via mobile device applications. The software used in the pilot
24 program shall comply with the national emergency information management
25 system adopted by the federal emergency management agency.

26 2. Training of teachers and administrators in the readiness and
27 emergency management program.

28 3. The development, implementation and maintenance of a comprehensive
29 crisis plan for participating school districts and their teachers and
30 administrators.

31 E. On or before November 1, 2016, the department of education shall
32 submit to the governor, the president of the senate and the speaker of the
33 house of representatives a report that summarizes the results of the pilot
34 program. The department of education shall provide a copy of the report to
35 the secretary of state.

36 F. This section is repealed from and after December 31, 2016.

37 Sec. 24. Joint technical education district equalization
38 funding; fiscal year 2015-2016

39 Notwithstanding section 15-393, Arizona Revised Statutes, or any other
40 law, the department of education shall fund state aid for joint technical
41 education districts with a student count of more than two thousand students
42 for fiscal year 2015-2016 at ninety-five and one-half percent of the amount
43 that otherwise would be provided by law and shall reduce its budget limits
44 accordingly.

