

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

# SENATE BILL 1359

AN ACT

AMENDING SECTIONS 15-761, 15-771, 15-901, 15-943, 15-948 AND 43-1089, ARIZONA  
REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-761, Arizona Revised Statutes, is amended to  
3 read:

4 15-761. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Autism" means a developmental disability that significantly  
7 affects verbal and nonverbal communication and social interaction and that  
8 adversely affects educational performance. Characteristics include  
9 irregularities and impairments in communication, engagement in repetitive  
10 activities and stereotyped movements, resistance to environmental change or  
11 change in daily routines and unusual responses to sensory experiences.  
12 Autism does not include children with characteristics of emotional disability  
13 as defined in this section.

14 2. "Child with a disability":

15 (a) Means a child who is at least three years but less than twenty-two  
16 years of age, who has been evaluated pursuant to section 15-766 and found to  
17 have at least one of the following disabilities and who, because of the  
18 disability, needs special education and related services:

19 (i) Autism.

20 (ii) DEVELOPMENTAL DELAY.

21 (iii) EARLY CHILDHOOD SEVERE DELAY.

22 ~~(iii)~~ (iv) Emotional disability.

23 ~~(iii)~~ (v) Hearing impairment.

24 ~~(iv)~~ (vi) Other health impairments.

25 ~~(v)~~ (vii) Specific learning disability.

26 ~~(vi)~~ (viii) Mild, moderate or severe mental retardation.

27 ~~(vii)~~ (ix) Multiple disabilities.

28 ~~(viii)~~ (x) Multiple disabilities with severe sensory impairment.

29 ~~(ix)~~ (xi) Orthopedic impairment.

30 ~~(x) Preschool moderate delay.~~

31 ~~(xi) Preschool severe delay.~~

32 ~~(xii) Preschool speech/language delay.~~

33 ~~(xiii)~~ (xii) Speech/language impairment.

34 ~~(xiv)~~ (xiii) Traumatic brain injury.

35 ~~(xv)~~ (xiv) Visual impairment.

36 (b) Does not include a child if the determinant factor for the  
37 classification is one or more of the following:

38 (i) A lack of appropriate instruction in reading, including essential  
39 components of reading instruction.

40 (ii) A lack of appropriate instruction in mathematics.

41 (iii) Difficulty in writing, speaking or understanding the English  
42 language due to an environmental background in which a language other than  
43 English is primarily or exclusively used.

1           3. "DEVELOPMENTAL DELAY" MEANS PERFORMANCE BY A CHILD WHO IS AGE THREE  
2 THROUGH NINE ON A NORM-REFERENCED TEST THAT MEASURES AT LEAST ONE AND  
3 ONE-HALF OR MORE STANDARD DEVIATIONS BELOW THE MEAN FOR CHILDREN OF THE SAME  
4 CHRONOLOGICAL AGE IN TWO OR MORE OF THE FOLLOWING AREAS:

- 5           (a) COGNITIVE DEVELOPMENT.
- 6           (b) PHYSICAL DEVELOPMENT.
- 7           (c) COMMUNICATION DEVELOPMENT.
- 8           (d) SOCIAL OR EMOTIONAL DEVELOPMENT.
- 9           (e) ADAPTIVE DEVELOPMENT.

10 THE RESULTS OF THE NORM-REFERENCED MEASURE MUST BE CORROBORATED BY  
11 INFORMATION FROM A COMPREHENSIVE DEVELOPMENT ASSESSMENT AND FROM PARENTAL  
12 INPUT, IF AVAILABLE, AS MEASURED BY A JUDGMENT BASED ASSESSMENT OR SURVEY.  
13 IF THERE IS A DISCREPANCY BETWEEN THE MEASURES, THE EVALUATION TEAM SHALL  
14 DETERMINE ELIGIBILITY BASED ON A PREPONDERANCE OF THE INFORMATION PRESENTED.

15       ~~3-~~ 4. "Due process hearing" means a fair and impartial administrative  
16 hearing conducted by the state educational agency by an impartial  
17 administrative law judge in accordance with federal and state law.

18       5. "EARLY CHILDHOOD SEVERE DELAY" MEANS PERFORMANCE BY A PRESCHOOL  
19 CHILD ON A NORM-REFERENCED TEST THAT MEASURES MORE THAN THREE STANDARD  
20 DEVIATIONS BELOW THE MEAN FOR CHILDREN OF THE SAME CHRONOLOGICAL AGE IN ONE  
21 OR MORE OF THE FOLLOWING AREAS:

- 22           (a) COGNITIVE DEVELOPMENT.
- 23           (b) PHYSICAL DEVELOPMENT.
- 24           (c) COMMUNICATION DEVELOPMENT.
- 25           (d) SOCIAL OR EMOTIONAL DEVELOPMENT.
- 26           (e) ADAPTIVE DEVELOPMENT.

27 THE RESULTS OF THE NORM-REFERENCED MEASURE MUST BE CORROBORATED BY  
28 INFORMATION FROM A COMPREHENSIVE DEVELOPMENT ASSESSMENT AND FROM PARENTAL  
29 INPUT, IF AVAILABLE, AS MEASURED BY A JUDGMENT BASED ASSESSMENT OR SURVEY. IF  
30 THERE IS A DISCREPANCY BETWEEN THE MEASURES, THE EVALUATION TEAM SHALL  
31 DETERMINE ELIGIBILITY BASED ON A PREPONDERANCE OF THE INFORMATION PRESENTED.

32       ~~4-~~ 6. "Educational disadvantage" means a condition which has limited  
33 a child's opportunity for educational experience resulting in a child  
34 achieving less than a normal level of learning development.

35       ~~5-~~ 7. "Eligibility for special education" means the pupil must have  
36 one of the disabilities contained in paragraph 2 of this section and must  
37 also require special education services in order to benefit from an  
38 educational program.

39       ~~6-~~ 8. "Emotional disability":

40           (a) Means a condition whereby a child exhibits one or more of the  
41 following characteristics over a long period of time and to a marked degree  
42 that adversely affects the child's performance in the educational  
43 environment:

- 44           (i) An inability to learn which cannot be explained by intellectual,  
45 sensory or health factors.

1 (ii) An inability to build or maintain satisfactory interpersonal  
2 relationships with peers and teachers.

3 (iii) Inappropriate types of behavior or feelings under normal  
4 circumstances.

5 (iv) A general pervasive mood of unhappiness or depression.

6 (v) A tendency to develop physical symptoms or fears associated with  
7 personal or school problems.

8 (b) Includes children who are schizophrenic but does not include  
9 children who are socially maladjusted unless they are also determined to have  
10 an emotional disability as determined by evaluation as provided in section  
11 15-766.

12 ~~7-~~ 9. "Hearing impairment" means a loss of hearing acuity, as  
13 determined by evaluation pursuant to section 15-766, which interferes with  
14 the child's performance in the educational environment and requires the  
15 provision of special education and related services.

16 ~~8-~~ 10. "Home school district" means the school district in which the  
17 person resides who has legal custody of the child, as provided in section  
18 15-824, subsection B. If the child is a ward of the state and a specific  
19 person does not have legal custody of the child, the home school district is  
20 the district that the child last attended or, if the child has not previously  
21 attended a public school in this state, the school district within which the  
22 child currently resides.

23 ~~9-~~ 11. "Impartial administrative law judge" means an administrative  
24 law judge of the office of administrative hearings who is knowledgeable in  
25 the laws governing special education and administrative hearings.

26 ~~10-~~ 12. "Individualized education program" means a written statement,  
27 as defined in 20 United States Code sections 1401 and 1412, for providing  
28 special education and related services to a child with a disability.

29 ~~11-~~ 13. "Individualized education program team" means a team whose task  
30 is to develop an appropriate educational program for the child and has the  
31 same meaning prescribed in 20 United States Code section 1414.

32 ~~12-~~ 14. "Mental retardation" means a significant impairment of general  
33 intellectual functioning that exists concurrently with deficits in adaptive  
34 behavior and that adversely affects the child's performance in the  
35 educational environment.

36 ~~13-~~ 15. "Mild mental retardation" means performance on standard  
37 measures of intellectual and adaptive behavior between two and three standard  
38 deviations below the mean for children of the same age.

39 ~~14-~~ 16. "Moderate mental retardation" means performance on standard  
40 measures of intellectual and adaptive behavior between three and four  
41 standard deviations below the mean for children of the same age.

42 ~~15-~~ 17. "Multidisciplinary evaluation team" means a team of persons  
43 including individuals described as the individualized education program team  
44 and other qualified professionals who shall determine whether a child is  
45 eligible for special education.

1       ~~16-~~ 18. "Multiple disabilities" means learning and developmental  
2 problems resulting from multiple disabilities as determined by evaluation  
3 pursuant to section 15-766 that cannot be provided for adequately in a  
4 program designed to meet the needs of children with less complex  
5 disabilities. Multiple disabilities include any of the following conditions  
6 that require the provision of special education and related services:

7       (a) Two or more of the following conditions:

8       (i) Hearing impairment.

9       (ii) Orthopedic impairment.

10       (iii) Moderate mental retardation.

11       (iv) Visual impairment.

12       (b) A child with a disability listed in subdivision (a) of this  
13 paragraph existing concurrently with a condition of mild mental retardation,  
14 emotional disability or specific learning disability.

15       ~~17-~~ 19. "Multiple disabilities with severe sensory impairment" means  
16 multiple disabilities that include at least one of the following:

17       (a) Severe visual impairment or severe hearing impairment in  
18 combination with another severe disability.

19       (b) Severe visual impairment and severe hearing impairment.

20       ~~18-~~ 20. "Orthopedic impairment" means one or more severe orthopedic  
21 impairments and includes those that are caused by congenital anomaly, disease  
22 and other causes, such as amputation or cerebral palsy, and that adversely  
23 affect a child's performance in the educational environment.

24       ~~19-~~ 21. "Other health impairments" means limited strength, vitality or  
25 alertness, including a heightened alertness to environmental stimuli, due to  
26 chronic or acute health problems which adversely affect a pupil's educational  
27 performance.

28       ~~20-~~ 22. "Out-of-home care" means the placement of a child with a  
29 disability outside of the home environment and includes twenty-four hour  
30 residential care, group care or foster care on either a full-time or  
31 part-time basis.

32       ~~21-~~ 23. "Parent" means:

33       (a) Either a natural or adoptive parent of a child.

34       (b) A guardian, but not this state if the child is a ward of this  
35 state.

36       (c) A person acting in the place of a natural or adoptive parent with  
37 whom the child lives or a person who is legally responsible for the child's  
38 welfare.

39       (d) A surrogate parent.

40       (e) A foster parent to the extent permitted by state law.

41       ~~22-~~ 24. "Preschool child" means a child who is at least three years of  
42 age but who has not reached the required age for kindergarten, subject to  
43 section 15-771, subsection G.

1           ~~23. "Preschool moderate delay" means performance by a preschool child~~  
2 ~~on a norm referenced test that measures at least one and one half, but not~~  
3 ~~more than three, standard deviations below the mean for children of the same~~  
4 ~~chronological age in two or more of the following areas:~~

- 5           ~~(a) Cognitive development.~~
- 6           ~~(b) Physical development.~~
- 7           ~~(c) Communication development.~~
- 8           ~~(d) Social or emotional development.~~
- 9           ~~(e) Adaptive development.~~

10 ~~The results of the norm referenced measure must be corroborated by~~  
11 ~~information from a comprehensive developmental assessment and from parental~~  
12 ~~input, if available, as measured by a judgment based assessment or survey.~~  
13 ~~If there is a discrepancy between the measures, the evaluation team shall~~  
14 ~~determine eligibility based on a preponderance of the information presented.~~

15           ~~24. "Preschool severe delay" means performance by a preschool child on~~  
16 ~~a norm referenced test that measures more than three standard deviations~~  
17 ~~below the mean for children of the same chronological age in one or more of~~  
18 ~~the following areas:~~

- 19           ~~(a) Cognitive development.~~
- 20           ~~(b) Physical development.~~
- 21           ~~(c) Communication development.~~
- 22           ~~(d) Social or emotional development.~~
- 23           ~~(e) Adaptive development.~~

24 ~~The results of the norm referenced measure must be corroborated by~~  
25 ~~information from a comprehensive developmental assessment and from parental~~  
26 ~~input, if available, as measured by a judgment based assessment or survey.~~  
27 ~~If there is a discrepancy between the measures, the evaluation team shall~~  
28 ~~determine eligibility based on a preponderance of the information presented.~~

29           ~~25. "Preschool speech/language delay" means performance by a preschool~~  
30 ~~child on a norm referenced language test that measures at least one and~~  
31 ~~one half standard deviations below the mean for children of the same~~  
32 ~~chronological age or whose speech, out of context, is unintelligible to a~~  
33 ~~listener who is unfamiliar with the child. Eligibility under this paragraph~~  
34 ~~is appropriate only if a comprehensive developmental assessment or~~  
35 ~~norm referenced assessment and parental input indicate that the child is not~~  
36 ~~eligible for services under another preschool category. The evaluation team~~  
37 ~~shall determine eligibility based on a preponderance of the information~~  
38 ~~presented.~~

39           ~~26.~~ 25. "Prior written notice" means written prior notice that a public  
40 educational agency is required to send to parents whenever the public  
41 educational agency proposes or refuses to initiate or change the  
42 identification, evaluation or educational placement of a child with a  
43 disability or the provision of a free appropriate public education.

1       ~~27.~~ 26. "Public educational agency" means a school district, a charter  
2 school, an accommodation school, a state supported institution or any other  
3 political subdivision of this state that is responsible for providing  
4 education to children with disabilities.

5       ~~28.~~ 27. "Related services" means those supportive services, as defined  
6 in 20 United States Code section 1401, that are required to assist a child  
7 with a disability who is eligible to receive special education services in  
8 order for the child to benefit from special education.

9       ~~29.~~ 28. "Residential special education placement" means the placement  
10 of a child with a disability in a public or private residential program, as  
11 provided in section 15-765, subsection G, in order to provide necessary  
12 special education and related services as specified in the child's  
13 individualized education program.

14       ~~30.~~ 29. "Severe mental retardation" means performance on standard  
15 measures of intellectual and adaptive behavior measures at least four  
16 standard deviations below the mean for children of the same age.

17       ~~31.~~ 30. "Special education" means specially designed instruction that  
18 meets the unique needs of a child with a disability and that is provided  
19 without cost to the parents of the child.

20       ~~32.~~ 31. "Special education referral" means a written request for an  
21 evaluation to determine whether a pupil is eligible for special education  
22 services that, for referrals not initiated by a parent, includes  
23 documentation of appropriate efforts to educate the pupil in the regular  
24 education program.

25       ~~33.~~ 32. "Specially designed instruction" means adapting the content,  
26 methodology or delivery of instruction to address the unique needs of a child  
27 with a disability and to ensure that child's access to the general curriculum  
28 as identified in the academic standards adopted by the state board of  
29 education.

30       ~~34.~~ 33. "Specific learning disability" has the same meaning prescribed  
31 in 20 United States Code section 1401.

32       ~~35.~~ 34. "Speech/language impairment" **FOR A CHILD WHO HAS REACHED THE**  
33 **REQUIRED AGE FOR KINDERGARTEN** means **A** speech or language impairment as  
34 ~~prescribed~~ **DEFINED** in 34 Code of Federal Regulations section 300.8.  
35 **"SPEECH/LANGUAGE IMPAIRMENT" FOR A PRESCHOOL CHILD MEANS PERFORMANCE ON A**  
36 **NORM-REFERENCED LANGUAGE TEST THAT MEASURES AT LEAST ONE-HALF STANDARD**  
37 **DEVIATIONS BELOW THE MEAN FOR CHILDREN OF THE SAME CHRONOLOGICAL AGE OR WHOSE**  
38 **SPEECH, OUT OF CONTEXT, IS UNINTELLIGIBLE TO A LISTENER WHO IS UNFAMILIAR**  
39 **WITH THE CHILD. ELIGIBILITY FOR A PRESCHOOL CHILD UNDER THIS PARAGRAPH IS**  
40 **APPROPRIATE ONLY WHEN A COMPREHENSIVE DEVELOPMENTAL ASSESSMENT AND PARENTAL**  
41 **INPUT INDICATE THAT THE PRESCHOOL CHILD IS NOT ELIGIBLE FOR SERVICES UNDER**  
42 **ANOTHER PRESCHOOL CATEGORY.**

43       ~~36.~~ 35. "State educational agency" means the Arizona department of  
44 education.



1 prescribe guidelines for the eligibility of speech or language impaired  
2 children, except that eligibility under this subsection is appropriate only  
3 when a comprehensive developmental assessment ~~or norm-referenced assessment~~  
4 and parental input indicate that the child is not eligible for services under  
5 another preschool category.

6 B. The state board of education shall annually distribute to school  
7 districts at least ten per cent of the monies it receives under 20 United  
8 States Code section 1411(c)(2) for preschool programs for children with  
9 disabilities. The state board shall prescribe rules for the distribution of  
10 the monies to school districts.

11 C. The governing board of a school district may submit a proposal to  
12 the state board of education as prescribed by the state board to receive  
13 monies for preschool programs for children with disabilities as provided in  
14 this section. A school district which receives monies as provided in this  
15 section shall include the monies in the special projects section of the  
16 budget as provided in section 15-903, subsection F.

17 D. All school districts shall cooperate, if appropriate, with  
18 community organizations that provide services to preschool children with  
19 disabilities in the provision of the district's preschool program for  
20 children with disabilities.

21 E. A school district may not admit a child to a preschool program for  
22 children with disabilities unless the child is evaluated and recommended for  
23 placement as provided in sections 15-766 and 15-767.

24 F. For the purpose of allocating monies pursuant to 20 United States  
25 Code section 1419(g)(1)(B)(i), "jurisdiction" includes high school pupils  
26 whose parents reside within the boundaries of a common school district. The  
27 common school district shall ensure such high school pupils are not counted  
28 by any other school district.

29 G. For purposes of this section, "preschool child" means a child who  
30 is at least three years of age but who has not reached the age required for  
31 kindergarten. A preschool child is three years of age as of the date of the  
32 child's third birthday. The governing board of a school district may admit  
33 otherwise eligible children who are within ninety days of their third  
34 birthday, if it is determined to be in the best interest of the individual  
35 child. Children who are admitted to programs for preschool children prior to  
36 their third birthday are entitled to the same provision of services as if  
37 they were three years of age.

38 Sec. 3. Section 15-901, Arizona Revised Statutes, is amended to read:  
39 15-901. Definitions

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

41 1. "Average daily attendance" or "ADA" means actual average daily  
42 attendance through the first one hundred days or two hundred days in session,  
43 as applicable.

44 2. "Average daily membership" means the total enrollment of fractional  
45 students and full-time students, minus withdrawals, of each school day

1 through the first one hundred days or two hundred days in session, as  
2 applicable, for the current year. Withdrawals include students formally  
3 withdrawn from schools and students absent for ten consecutive school days,  
4 except for excused absences as identified by the department of education.  
5 For computation purposes, the effective date of withdrawal shall be  
6 retroactive to the last day of actual attendance of the student.

7 (a) "Fractional student" means:

8 (i) For common schools, until fiscal year 2001-2002, a preschool child  
9 who is enrolled in a program for preschool children with disabilities of at  
10 least three hundred sixty minutes each week or a kindergarten student at  
11 least five years of age prior to January 1 of the school year and enrolled in  
12 a school kindergarten program that meets at least three hundred forty-six  
13 instructional hours during the minimum number of days required in a school  
14 year as provided in section 15-341. In fiscal year 2001-2002, the  
15 kindergarten program shall meet at least three hundred forty-eight hours. In  
16 fiscal year 2002-2003, the kindergarten program shall meet at least three  
17 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program  
18 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,  
19 the kindergarten program shall meet at least three hundred fifty-four hours.  
20 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten  
21 program shall meet at least three hundred fifty-six hours. Lunch periods and  
22 recess periods may not be included as part of the instructional hours unless  
23 the child's individualized education program requires instruction during  
24 those periods and the specific reasons for such instruction are fully  
25 documented. In computing the average daily membership, preschool children  
26 with disabilities and kindergarten students shall be counted as one-half of a  
27 full-time student. For common schools, a part-time student is a student  
28 enrolled for less than the total time for a full-time student as defined in  
29 this section. A part-time common school student shall be counted as  
30 one-fourth, one-half or three-fourths of a full-time student if the student  
31 is enrolled in an instructional program that is at least one-fourth, one-half  
32 or three-fourths of the time a full-time student is enrolled as defined in  
33 subdivision (b) of this paragraph.

34 (ii) For high schools, a part-time student who is enrolled in less  
35 than four subjects that count toward graduation as defined by the state board  
36 of education in a recognized high school and who is taught in less than  
37 twenty instructional hours per week prorated for any week with fewer than  
38 five school days. A part-time high school student shall be counted as  
39 one-fourth, one-half or three-fourths of a full-time student if the student  
40 is enrolled in an instructional program that is at least one-fourth, one-half  
41 or three-fourths of a full-time instructional program as defined in  
42 subdivision (c) of this paragraph.

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

44 (i) For common schools, a student who is at least six years of age  
45 prior to January 1 of a school year, who has not graduated from the highest

1 grade taught in the school district and who is regularly enrolled in a course  
2 of study required by the state board of education. Until fiscal year  
3 2001-2002, first, second and third grade students, ungraded students at least  
4 six, but under nine, years of age by September 1 or ungraded group B children  
5 with disabilities who are at least five, but under six, years of age by  
6 September 1 must be enrolled in an instructional program that meets for a  
7 total of at least six hundred ninety-two hours during the minimum number of  
8 days required in a school year as provided in section 15-341. In fiscal year  
9 2001-2002, the program shall meet at least six hundred ninety-six hours. In  
10 fiscal year 2002-2003, the program shall meet at least seven hundred hours.  
11 In fiscal year 2003-2004, the program shall meet at least seven hundred four  
12 hours. In fiscal year 2004-2005, the program shall meet at least seven  
13 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year  
14 thereafter, the program shall meet at least seven hundred twelve hours.  
15 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or  
16 ungraded students at least nine, but under twelve, years of age by September  
17 1 must be enrolled in an instructional program that meets for a total of at  
18 least eight hundred sixty-five hours during the minimum number of school days  
19 required in a school year as provided in section 15-341. In fiscal year  
20 2001-2002, the program shall meet at least eight hundred seventy hours. In  
21 fiscal year 2002-2003, the program shall meet at least eight hundred  
22 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least  
23 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet  
24 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each  
25 fiscal year thereafter, the program shall meet at least eight hundred ninety  
26 hours. Until fiscal year 2001-2002, seventh and eighth grade students or  
27 ungraded students at least twelve, but under fourteen, years of age by  
28 September 1 must be enrolled in an instructional program that meets for a  
29 total of at least one thousand thirty-eight hours during the minimum number  
30 of days required in a school year as provided in section 15-341. In fiscal  
31 year 2001-2002, the program shall meet at least one thousand forty-four  
32 hours. In fiscal year 2002-2003, the program shall meet at least one  
33 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at  
34 least one thousand fifty-six hours. In fiscal year 2004-2005, the program  
35 shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006  
36 and each fiscal year thereafter, the program shall meet at least one thousand  
37 sixty-eight hours. Lunch periods and recess periods may not be included as  
38 part of the instructional hours unless the student is a child with a  
39 disability and the child's individualized education program requires  
40 instruction during those periods and the specific reasons for such  
41 instruction are fully documented.

42 (ii) For high schools, except as provided in section 15-105, a student  
43 not graduated from the highest grade taught in the school district, or an  
44 ungraded student at least fourteen years of age by September 1, and enrolled  
45 in at least a full-time instructional program of subjects that count toward

1 graduation as defined by the state board of education in a recognized high  
2 school. A full-time student shall not be counted more than once for  
3 computation of average daily membership.

4 (iii) For homebound or hospitalized, a student receiving at least four  
5 hours of instruction per week.

6 (c) "Full-time instructional program" means:

7 (i) Through fiscal year 2000-2001, at least four subjects, each of  
8 which, if taught each school day for the minimum number of days required in a  
9 school year, would meet a minimum of one hundred twenty hours a year, or the  
10 equivalent, or one or more subjects taught in amounts of time totaling at  
11 least twenty hours per week prorated for any week with fewer than five school  
12 days.

13 (ii) For fiscal year 2001-2002, an instructional program that meets at  
14 least a total of seven hundred four hours during the minimum number of days  
15 required and includes at least four subjects each of which, if taught each  
16 school day for the minimum number of days required in a school year, would  
17 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or  
18 one or more subjects taught in amounts of time totaling at least twenty hours  
19 per week prorated for any week with fewer than five school days.

20 (iii) For fiscal year 2002-2003, an instructional program that meets  
21 at least a total of seven hundred eight hours during the minimum number of  
22 days required and includes at least four subjects each of which, if taught  
23 each school day for the minimum number of days required in a school year,  
24 would meet a minimum of one hundred twenty-two hours a year, or the  
25 equivalent, or one or more subjects taught in amounts of time totaling at  
26 least twenty hours per week prorated for any week with fewer than five school  
27 days.

28 (iv) For fiscal year 2003-2004, an instructional program that meets at  
29 least a total of seven hundred twelve hours during the minimum number of days  
30 required and includes at least four subjects each of which, if taught each  
31 school day for the minimum number of days required in a school year, would  
32 meet a minimum of one hundred twenty-three hours a year, or the equivalent,  
33 or one or more subjects taught in amounts of time totaling at least twenty  
34 hours per week prorated for any week with fewer than five school days.

35 (v) For fiscal year 2004-2005, an instructional program that meets at  
36 least a total of seven hundred sixteen hours during the minimum number of  
37 days required and includes at least four subjects each of which, if taught  
38 each school day for the minimum number of days required in a school year,  
39 would meet a minimum of one hundred twenty-three hours a year, or the  
40 equivalent, or one or more subjects taught in amounts of time totaling at  
41 least twenty hours per week prorated for any week with fewer than five school  
42 days.

43 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an  
44 instructional program that meets at least a total of seven hundred twenty  
45 hours during the minimum number of days required and includes at least four

1 subjects each of which, if taught each school day for the minimum number of  
2 days required in a school year, would meet a minimum of one hundred  
3 twenty-three hours a year, or the equivalent, or one or more subjects taught  
4 in amounts of time totaling at least twenty hours per week prorated for any  
5 week with fewer than five school days.

6 3. "Budget year" means the fiscal year for which the school district  
7 is budgeting and which immediately follows the current year.

8 4. "Common school district" means a political subdivision of this  
9 state offering instruction to students in programs for preschool children  
10 with disabilities and kindergarten programs and grades one through eight.

11 5. "Current year" means the fiscal year in which a school district is  
12 operating.

13 6. "Daily attendance" means:

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

15 (i) Of a kindergarten program or ungraded, but not group B children  
16 with disabilities, and at least five, but under six, years of age by  
17 September 1 attends at least three-quarters of the instructional time  
18 scheduled for the day. If the total instruction time scheduled for the year  
19 is at least three hundred forty-six hours but is less than six hundred  
20 ninety-two hours such attendance shall be counted as one-half day of  
21 attendance. If the instructional time scheduled for the year is at least six  
22 hundred ninety-two hours, "daily attendance" means days in which a pupil  
23 attends at least one-half of the instructional time scheduled for the day.  
24 Such attendance shall be counted as one-half day of attendance.

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

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

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

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

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

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

6 (c) For common schools, the attendance of a preschool child with  
7 disabilities shall be counted as one-fourth day's attendance for each  
8 thirty-six minutes of attendance not including lunch periods and recess  
9 periods, except as provided in paragraph 2, subdivision (a), item (i) of this  
10 subsection for children with disabilities up to a maximum of three hundred  
11 sixty minutes each week.

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

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

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

31 (g) For school districts which maintain school for an approved  
32 year-round school year operation, attendance shall be based on a computation,  
33 as prescribed by the superintendent of public instruction, of the one hundred  
34 eighty days' equivalency or two hundred days' equivalency, as applicable, of  
35 instructional time as approved by the superintendent of public instruction  
36 during which each pupil is enrolled.

37 7. "Daily route mileage" means the sum of:

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

42 (b) The total number of miles driven daily on routes approved by the  
43 superintendent of public instruction for which a private party, a political  
44 subdivision or a common or a contract carrier is reimbursed for bringing an  
45 eligible student from the place of his residence to a school transportation

1 pickup point or to the school of attendance and from the school  
2 transportation scheduled return point or from the school of attendance to his  
3 residence. Daily route mileage includes the total number of miles necessary  
4 to drive to transport eligible students from and to their residence as  
5 provided in this paragraph.

6 8. "District support level" means the base support level plus the  
7 transportation support level.

8 9. "Eligible students" means:

9 (a) Students who are transported by or for a school district and who  
10 qualify as full-time students or fractional students, except students for  
11 whom transportation is paid by another school district or a county school  
12 superintendent, and:

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

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

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

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

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

41 10. "Enrolled" or "enrollment" means when a pupil is currently  
42 registered in the school district.

43 11. "GDP price deflator" means the average of the four implicit price  
44 deflators for the gross domestic product reported by the United States  
45 department of commerce for the four quarters of the calendar year.

1           12. "High school district" means a political subdivision of this state  
2 offering instruction to students for grades nine through twelve or that  
3 portion of the budget of a common school district which is allocated to  
4 teaching high school subjects with permission of the state board of  
5 education.

6           13. "Revenue control limit" means the base revenue control limit plus  
7 the transportation revenue control limit.

8           14. "Student count" means average daily membership as prescribed in  
9 this subsection for the fiscal year prior to the current year, except that  
10 for the purpose of budget preparation student count means average daily  
11 membership as prescribed in this subsection for the current year.

12           15. "Submit electronically" means submitted in a format and in a manner  
13 prescribed by the department of education.

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

16           17. "Total students transported" means all eligible students  
17 transported from their place of residence to a school transportation pickup  
18 point or to the school of attendance and from the school of attendance or  
19 from the school transportation scheduled return point to their place of  
20 residence.

21           18. "Unified school district" means a political subdivision of the  
22 state offering instruction to students in programs for preschool children  
23 with disabilities and kindergarten programs and grades one through twelve.

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

25           1. "Base" means the revenue level per student count specified by the  
26 legislature.

27           2. "Base level" means:

28           (a) For fiscal year 2006-2007, three thousand one hundred thirty-three  
29 dollars fifty-three cents.

30           (b) For fiscal year 2007-2008, three thousand two hundred twenty-six  
31 dollars eighty-eight cents.

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

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

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

41           6. "DD" MEANS PROGRAMS FOR CHILDREN AGED THREE THROUGH NINE WITH  
42 DEVELOPMENTAL DELAYS. A PRESCHOOL CHILD WHO IS CATEGORIZED UNDER THIS  
43 PARAGRAPH IS NOT ELIGIBLE TO RECEIVE FUNDING PURSUANT TO SECTION 15-943,  
44 PARAGRAPH 2, SUBDIVISION (b).

1           7. "ECSD" MEANS PROGRAMS FOR CHILDREN WITH EARLY CHILDHOOD SEVERE  
2 DELAYS AS PRESCRIBED BY SECTION 15-771.

3           ~~6-~~ 8. "ED, MIMR, SLD, SLI and OHI" means programs for children with  
4 emotional disabilities, mild mental retardation, a specific learning  
5 disability, a speech/language impairment and other health impairments. A  
6 PRESCHOOL CHILD WHO IS CATEGORIZED AS SLI UNDER THIS PARAGRAPH IS NOT  
7 ELIGIBLE TO RECEIVE FUNDING PURSUANT TO SECTION 15-943, PARAGRAPH 2,  
8 SUBDIVISION (b).

9           ~~7-~~ 9. "ED-P" means programs for children with emotional disabilities  
10 who are enrolled in private special education programs as prescribed in  
11 section 15-765, subsection D, paragraph 1 or in an intensive school district  
12 program as provided in section 15-765, subsection D, paragraph 2.

13           ~~8-~~ 10. "ELL" means English learners who do not speak English or whose  
14 native language is not English, who are not currently able to perform  
15 ordinary classroom work in English and who are enrolled in an English  
16 language education program pursuant to sections 15-751, 15-752 and 15-753.

17           ~~9-~~ 11. "Full-time equivalent certified teacher" or "FTE certified  
18 teacher" means for a certified teacher the following:

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

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

24           ~~10-~~ 12. "Group A" means educational programs for career exploration, a  
25 specific learning disability, an emotional disability, mild mental  
26 retardation, remedial education, a speech/language impairment, DEVELOPMENT  
27 DELAY, homebound, bilingual, ~~preschool—moderate—delay, preschool~~  
28 ~~speech/language delay~~, other health impairments and gifted pupils.

29           ~~11-~~ 13. "Group B" means educational improvements for pupils in  
30 kindergarten programs and grades one through three, educational programs for  
31 autism, a hearing impairment, moderate mental retardation, multiple  
32 disabilities, multiple disabilities with severe sensory impairment,  
33 orthopedic impairments, ~~preschool~~ EARLY CHILDHOOD severe delay, DEVELOPMENTAL  
34 DELAY, severe mental retardation and emotional disabilities for school age  
35 pupils enrolled in private special education programs or in school district  
36 programs for children with severe disabilities or visual impairment and  
37 English learners enrolled in a program to promote English language  
38 proficiency pursuant to section 15-752.

39           ~~12-~~ 14. "HI" means programs for pupils with hearing impairment.

40           ~~13-~~ 15. "Homebound" or "hospitalized" means a pupil who is capable of  
41 profiting from academic instruction but is unable to attend school due to  
42 illness, disease, accident or other health conditions, who has been examined  
43 by a competent medical doctor and who is certified by that doctor as being  
44 unable to attend regular classes for a period of not less than three school  
45 months or a pupil who is capable of profiting from academic instruction but

1 is unable to attend school regularly due to chronic or acute health problems,  
2 who has been examined by a competent medical doctor and who is certified by  
3 that doctor as being unable to attend regular classes for intermittent  
4 periods of time totaling three school months during a school year. The  
5 medical certification shall state the general medical condition, such as  
6 illness, disease or chronic health condition, that is the reason that the  
7 pupil is unable to attend school. Homebound or hospitalized includes a  
8 student who is unable to attend school for a period of less than three months  
9 due to a pregnancy if a competent medical doctor, after an examination,  
10 certifies that the student is unable to attend regular classes due to risk to  
11 the pregnancy or to the student's health.

12 ~~14.~~ 16. "K" means kindergarten programs.

13 ~~15.~~ 17. "K-3" means kindergarten programs and grades one through  
14 three.

15 ~~16.~~ 18. "MD-R, A-R and SMR-R" means resource programs for pupils with  
16 multiple disabilities, autism and severe mental retardation.

17 ~~17.~~ 19. "MD-SC, A-SC and SMR-SC" means self-contained programs for  
18 pupils with multiple disabilities, autism and severe mental retardation.

19 ~~18.~~ 20. "MDSSI" means a program for pupils with multiple disabilities  
20 with severe sensory impairment.

21 ~~19.~~ 21. "MOMR" means programs for pupils with moderate mental  
22 retardation.

23 ~~20.~~ 22. "OI-R" means a resource program for pupils with orthopedic  
24 impairments.

25 ~~21.~~ 23. "OI-SC" means a self-contained program for pupils with  
26 orthopedic impairments.

27 ~~22.~~ 24. "PSD" means preschool programs for children with disabilities  
28 as provided in section 15-771.

29 ~~23. "P-SD" means programs for children who meet the definition of~~  
30 ~~preschool severe delay as provided in section 15-771.~~

31 ~~24.~~ 25. "Qualifying tax rate" means the qualifying tax rate specified  
32 in section 15-971 applied to the assessed valuation used for primary property  
33 taxes.

34 ~~25.~~ 26. "Small isolated school district" means a school district which  
35 meets all of the following:

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

38 (b) Contains no school which is fewer than thirty miles by the most  
39 reasonable route from another school, or, if road conditions and terrain make  
40 the driving slow or hazardous, fifteen miles from another school which  
41 teaches one or more of the same grades and is operated by another school  
42 district in this state.

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

1 ~~26.~~ 27. "Small school district" means a school district which meets  
 2 all of the following:

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

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

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

10 ~~27.~~ 28. "Transportation revenue control limit" means the  
 11 transportation revenue control limit computed as prescribed in section  
 12 15-946.

13 ~~28.~~ 29. "Transportation support level" means the support level for  
 14 pupil transportation operating expenses as provided in section 15-945.

15 ~~29.~~ 30. "VI" means programs for pupils with visual impairments.

16 ~~30.~~ 31. "Voc. Ed." means career and technical education and vocational  
 17 education programs, as defined in section 15-781.

18 Sec. 4. Section 15-943, Arizona Revised Statutes, is amended to read:

19 ~~15-943.~~ Base support level

20 The base support level for each school district shall be computed as  
 21 follows:

22 1. The following support level weights shall be used in paragraph 2,  
 23 subdivision (a) for the following school districts:

24 (a) For school districts whose student count in kindergarten programs  
 25 and grades one through eight is classified in column 1 of this subdivision,  
 26 the support level weight for kindergarten programs and grades one through  
 27 eight is the corresponding support level weight prescribed in column 2 or 3  
 28 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
<u>Student Count</u>	Support Level Weight For Small Isolated School Districts	Support Level Weight For Small School Districts
1-99	1.559	1.399
100-499	1.358 + [0.0005 x (500 - student count)]	1.278 + [0.0003 x (500 - student count)]
500-599	1.158 + [0.002 x (600 - student count)]	1.158 + [0.0012 x (600 - student count)]

38 (b) For school districts whose student count in grades nine through  
 39 twelve is classified in column 1 of this subdivision, the support level  
 40 weight for grades nine through twelve is the corresponding support level  
 41 weight prescribed in column 2 or 3 of this subdivision, whichever is  
 42 appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.669	1.559
100-499	1.468 + [0.0005 x (500	1.398 + [0.0004 x (500
	- student count)]	- student count)]
500-599	1.268 + [0.002 x (600	1.268 + [0.0013 x (600
	- student count)]	- student count)]

2. Subject to paragraph 1, determine the weighted student count as follows:

(a)

<u>Grade Base</u>	<u>Group A</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
PSD 1.000 + 0.450 =	1.450	x	_____	= _____
K-8 1.000 + 0.158 =	1.158	x	_____	= _____
9-12 1.163 + 0.105 =	1.268	x	_____	= _____
	Subtotal	A	_____	_____

(b)

<u>Funding Category</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
HI	4.771	x _____	= _____
K, for fiscal year 2006-2007	0.835	x _____	= _____
K, for fiscal year 2007-2008 and each fiscal year thereafter	1.352	x _____	= _____
K-3	0.060	x _____	= _____
ELL	0.115	x _____	= _____
MD-R, A-R and SMR-R	6.024	x _____	= _____
MD-SC, A-SC and SMR-SC	5.833	x _____	= _____
MD-SSI	7.947	x _____	= _____
OI-R	3.158	x _____	= _____
OI-SC	6.773	x _____	= _____
<del>P-SD</del> ECSD	3.595	x _____	= _____
DD, ED, MIMR, SLD, SLI and OHI	0.003	x _____	= _____
ED-P	4.822	x _____	= _____
MOMR	4.421	x _____	= _____
VI	4.806	x _____	= _____
	Subtotal	B	_____

1 (c) Total of subtotals A and B: \_\_\_\_\_  
2 3. Multiply the total determined in paragraph 2 by the base level.  
3 4. Multiply the teacher experience index of the district or 1.00,  
4 whichever is greater, by the product obtained in paragraph 3.  
5 Sec. 5. Section 15-948, Arizona Revised Statutes, is amended to read:  
6 15-948. Adjustment for growth in student count  
7 A. Any school district may, after the first one hundred days or two  
8 hundred days in session, as applicable, of the current year, determine if it  
9 is eligible to increase its revenue control limit and district support level  
10 for the current year due to growth in the student population as follows:  
11 1. Determine the student count used for calculating the base support  
12 level for the current year.  
13 2. Determine the average daily membership or adjusted average daily  
14 membership, whichever is applicable, through the first one hundred days or  
15 two hundred days in session, as applicable, of the current year.  
16 3. Subtract the amount determined in paragraph 1 of this subsection  
17 from the amount determined in paragraph 2 of this subsection.  
18 4. If the amount determined in paragraph 2 of this subsection is  
19 greater than the amount determined in paragraph 1 of this subsection, the  
20 governing board of the school district may compute an increase to its revenue  
21 control limit and district support level for the current year.  
22 B. A school district may, after the first one hundred days or two  
23 hundred days in session, as applicable, of the current year, determine if it  
24 is eligible to compute an increase to its revenue control limit for the  
25 current year due to growth in the number of pupils in the group B categories  
26 of moderate or severe mental retardation, visual impairment, hearing  
27 impairment, multiple disabilities, multiple disabilities with severe sensory  
28 impairment, orthopedic impairment, ~~preschool~~ EARLY CHILDHOOD severe delay,  
29 DEVELOPMENTAL DELAY and emotionally disabled pupils enrolled in private  
30 special education programs or in school district programs for pupils with  
31 severe disabilities as follows:  
32 1. Determine the weighted student count for all group B children with  
33 disabilities used for calculating the base support level for the current  
34 year.  
35 2. Determine the weighted average daily membership for all group B  
36 children with disabilities through the first one hundred days or two hundred  
37 days in session, as applicable, of the current year.  
38 3. Subtract the amount determined in paragraph 1 of this subsection  
39 from the amount determined in paragraph 2 of this subsection.  
40 4. If the amount determined in paragraph 2 of this subsection is  
41 greater than the amount determined in paragraph 1 of this subsection, the  
42 governing board of the school district may compute an increase to its revenue  
43 control limit and district support level for the current year by using the  
44 amount determined in paragraph 3 of this subsection for the weighted student  
45 count and the base level for the district for the current year.

1 C. If a school district meets the criteria specified in subsection A  
2 or B of this section, or both, the governing board of the school district  
3 may, after notice is given and a public hearing held as provided in section  
4 15-905, subsection D, at any time prior to May 15 revise its budget to  
5 include the increase in its revenue control limit and district support level  
6 for the current year utilizing the procedure prescribed in subsection A or B  
7 of this section, or both. Not later than May 18, the budget as revised shall  
8 be submitted electronically to the superintendent of public instruction.

9 D. If the revised budget is adopted by the governing board at the  
10 public hearing and submitted electronically as provided in subsection C of  
11 this section, the school district shall receive state aid based upon the  
12 adjusted revenue control limit or the adjusted district support level in the  
13 manner specified in section 15-971, except that in no event shall the school  
14 district receive less state aid than it would have received if it had not  
15 used this section.

16 E. If the adjusted revenue control limit results in an expenditure of  
17 funds in excess of school district revenues for the current year, the county  
18 school superintendent shall include within the revenue estimate for the  
19 budget year funds necessary to meet the liabilities incurred by the school  
20 district in the current year in excess of revenues received for the current  
21 year.

22 Sec. 6. Section 43-1089, Arizona Revised Statutes, is amended to read:  
23 43-1089. Credit for contributions to school tuition  
24 organization; definitions

25 A. A credit is allowed against the taxes imposed by this title for the  
26 amount of voluntary cash contributions made by the taxpayer during the  
27 taxable year to a school tuition organization, but not exceeding:

28 1. Five hundred dollars in any taxable year for a single individual or  
29 a head of household.

30 2. Eight hundred twenty-five dollars in taxable year 2005 for a  
31 married couple filing a joint return.

32 3. One thousand dollars in taxable year 2006 and any subsequent  
33 TAXABLE year for a married couple filing a joint return.

34 B. A husband and wife who file separate returns for a taxable year in  
35 which they could have filed a joint return may each claim only one-half of  
36 the tax credit that would have been allowed for a joint return.

37 C. If the allowable tax credit exceeds the taxes otherwise due under  
38 this title on the claimant's income, or if there are no taxes due under this  
39 title, the taxpayer may carry the amount of the claim not used to offset the  
40 taxes under this title forward for not more than five consecutive taxable  
41 years' income tax liability.

42 D. The credit allowed by this section is in lieu of any deduction  
43 pursuant to section 170 of the internal revenue code and taken for state tax  
44 purposes.

1 E. The tax credit is not allowed if the taxpayer designates the  
2 taxpayer's contribution to the school tuition organization for the direct  
3 benefit of any dependent of the taxpayer.

4 F. A school tuition organization that receives a voluntary cash  
5 contribution pursuant to subsection A shall report to the department, in a  
6 form prescribed by the department, by February 28 of each year the following  
7 information:

8 1. The name, address and contact name of the school tuition  
9 organization.

10 2. The total number of contributions received during the previous  
11 calendar year.

12 3. The total dollar amount of contributions received during the  
13 previous calendar year.

14 4. The total number of children awarded educational scholarships or  
15 tuition grants during the previous calendar year.

16 5. The total dollar amount of educational scholarships and tuition  
17 grants awarded during the previous calendar year.

18 6. For each school to which educational scholarships or tuition grants  
19 were awarded:

20 (a) The name and address of the school.

21 (b) The number of educational scholarships and tuition grants awarded  
22 during the previous calendar year.

23 (c) The total dollar amount of educational scholarships and tuition  
24 grants awarded during the previous calendar year.

25 G. For the purposes of this section:

26 1. "Handicapped student" means a student who has any of the following  
27 conditions:

28 (a) Hearing impairment.

29 (b) Visual impairment.

30 (c) ~~Preschool moderate~~ DEVELOPMENTAL delay.

31 (d) ~~Preschool~~ EARLY CHILDHOOD severe delay.

32 (e) ~~Preschool~~ Speech ~~or~~ language ~~delay~~ IMPAIRMENT.

33 2. "Qualified school" means a nongovernmental primary school or  
34 secondary school or a preschool for handicapped students that is located in  
35 this state, that does not discriminate on the basis of race, color, handicap,  
36 familial status or national origin and that satisfies the requirements  
37 prescribed by law for private schools in this state on January 1, 1997.

38 3. "School tuition organization" means a charitable organization in  
39 this state that is exempt from federal taxation under section 501(c)(3) of  
40 the internal revenue code and that allocates at least ninety per cent of its  
41 annual revenue for educational scholarships or tuition grants to children to  
42 allow them to attend any qualified school of their parents' choice. In  
43 addition, to qualify as a school tuition organization the charitable  
44 organization shall provide educational scholarships or tuition grants to  
45 students without limiting availability to only students of one school.