

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
Second Regular Session  
2010

# HOUSE BILL 2725

## AN ACT

AMENDING TITLE 15, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-108; AMENDING SECTIONS 15-182 AND 15-183, ARIZONA REVISED STATUTES; AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 2; AMENDING SECTIONS 15-203, 15-213, 15-301 AND 15-341, ARIZONA REVISED STATUTES; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, FIRST REGULAR SESSION, CHAPTER 14, SECTION 2 AND CHAPTER 101, SECTION 3 AND LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTION 10; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; REPEALING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, FIRST REGULAR SESSION, CHAPTER 101, SECTION 4; AMENDING SECTIONS 15-533, 15-714.01, 15-816.01, 15-901, 15-905 AND 15-1024, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 10, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 12; AMENDING SECTION 15-1626, 15-1781, 15-1782, 15-1783, 15-1784, 15-1851 AND 35-512, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 32, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3508; AMENDING SECTION 43-1089.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2007, CHAPTER 283, SECTION 6; AMENDING LAWS 2007, CHAPTER 234, SECTION 5, AS AMENDED BY LAWS 2008, CHAPTER 111, SECTION 9; REPEALING LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTIONS 67 AND 70; RELATING TO EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 15, chapter 1, article 1, Arizona Revised Statutes,  
3 is amended by adding section 15-108, to read:

4 15-108. Recess policies

5 A. NO LATER THAN JANUARY 1, 2011, EACH SCHOOL DISTRICT GOVERNING BOARD  
6 AND THE GOVERNING BODY OF EACH CHARTER SCHOOL SHALL CONDUCT A PUBLIC MEETING  
7 TO CONSIDER THE ADOPTION OF A POLICY TO PROVIDE AT LEAST THIRTY TOTAL MINUTES  
8 OF RECESS EACH DAY FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH  
9 FIVE. EACH PARENT OR GUARDIAN OF A CHILD WHO IS ENROLLED IN THE SCHOOL  
10 DISTRICT OR CHARTER SCHOOL, AS APPLICABLE, SHALL BE PROVIDED NOTICE OF ANY  
11 PUBLIC MEETING CALLED PURSUANT TO THIS SUBSECTION AND SHALL BE PROVIDED AN  
12 OPPORTUNITY AT THE PUBLIC MEETING TO COMMENT ON THE PROPOSED POLICY. AFTER  
13 RECEIVING PUBLIC COMMENT, THE SCHOOL DISTRICT GOVERNING BOARD OR THE  
14 GOVERNING BODY OF THE CHARTER SCHOOL SHALL DISCUSS AND VOTE ON THE ADOPTION  
15 OF THE PROPOSED RECESS POLICY.

16 B. IF A RECESS POLICY IS ADOPTED PURSUANT TO SUBSECTION A:

17 1. THE RECESS REQUIREMENTS SHALL CONSIST OF STRUCTURED PHYSICAL  
18 ACTIVITY OUTSIDE OR INSIDE THE CLASSROOM.

19 2. PHYSICAL EDUCATION CLASSES MAY BE USED TO SATISFY THE RECESS  
20 REQUIREMENT.

21 3. UNSTRUCTURED RECESS TIME THAT OCCURS IMMEDIATELY AFTER LUNCH  
22 PERIODS DOES NOT SATISFY THE RECESS REQUIREMENT.

23 C. SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT DO NOT PROVIDE  
24 INSTRUCTION TO PUPILS IN KINDERGARTEN PROGRAMS OR GRADES ONE THROUGH FIVE ARE  
25 NOT REQUIRED TO CONDUCT A PUBLIC MEETING PURSUANT TO SUBSECTION A.

26 Sec. 2. Section 15-182, Arizona Revised Statutes, is amended to read:

27 15-182. State board for charter schools: membership; terms;  
28 compensation; duties

29 A. The state board for charter schools is established consisting of  
30 the following members:

31 1. The superintendent of public instruction or the superintendent's  
32 designee.

33 2. Six members of the general public, at least two of whom shall  
34 reside in a school district where at least sixty per cent of the children who  
35 attend school in the district meet the eligibility requirements established  
36 under the national school lunch and child nutrition acts (42 United States  
37 Code sections 1751 through 1785) for free lunches, and at least one of whom  
38 shall reside on an Indian reservation, who are appointed by the governor  
39 pursuant to section 38-211.

40 3. Two members of the business community who are appointed by the  
41 governor pursuant to section 38-211.

42 4. A teacher who provides classroom instruction at a charter school  
43 and who is appointed by the governor pursuant to section 38-211.

44 5. An operator of a charter school who is appointed by the governor  
45 pursuant to section 38-211.

1           6. Three members of the legislature who shall serve as advisory  
2 members and who are appointed jointly by the president of the senate and the  
3 speaker of the house of representatives.

4           B. The superintendent of public instruction shall serve a term on the  
5 state board for charter schools that runs concurrently with the  
6 superintendent's term of office. The members appointed pursuant to  
7 subsection A, paragraph 6 of this section shall serve two year terms on the  
8 state board for charter schools that begin and end on the third Monday in  
9 January and that run concurrently with their respective terms of office.  
10 Members appointed pursuant to subsection A, paragraphs 2, 3, 4 and 5 of this  
11 section shall serve staggered four year terms that begin and end on the third  
12 Monday in January.

13           C. The state board for charter schools shall annually elect a  
14 president and such other officers as it deems necessary from among its  
15 membership.

16           D. Members of the state board for charter schools are not eligible to  
17 receive compensation but are eligible for reimbursement of expenses pursuant  
18 to title 38, chapter 4, article 2.

19           E. The state board for charter schools shall:

20           1. Exercise general supervision over charter schools sponsored by the  
21 board and recommend legislation pertaining to charter schools to the  
22 legislature.

23           2. Grant charter status to qualifying applicants for charter schools  
24 pursuant to section 15-183.

25           3. Adopt and use an official seal in the authentication of its acts.

26           4. Keep a record of its proceedings.

27           5. Adopt rules for its own government.

28           6. Determine the policy of the board and the work undertaken by it.

29           7. Delegate to the superintendent of public instruction the execution  
30 of board policies.

31           8. Prepare a budget for expenditures necessary for the proper  
32 maintenance of the board and the accomplishment of its purpose.

33           F. The state board for charter schools may:

34           1. Contract.

35           2. Sue and be sued.

36           3. **USE THE SERVICES OF THE AUDITOR GENERAL.**

37           Sec. 3. Section 15-183, Arizona Revised Statutes, is amended to read:

38           15-183. Charter schools; application; requirements; immunity;  
39 exemptions; renewal of application; reprisal

40           A. An applicant seeking to establish a charter school shall submit a  
41 written application to a proposed sponsor as prescribed in subsection C of  
42 this section. The application shall include a detailed business plan for the  
43 charter school and may include a mission statement for the charter school, a  
44 description of the charter school's organizational structure and the  
45 governing body, a financial plan for the first three years of operation of

1 the charter school, a description of the charter school's hiring policy, the  
2 name of the charter school's applicant or applicants and requested sponsor, a  
3 description of the charter school's facility and the location of the school,  
4 a description of the grades being served and an outline of criteria designed  
5 to measure the effectiveness of the school.

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

9 C. The sponsor of a charter school may be either a school district  
10 governing board, the state board of education, ~~or~~ the state board for charter  
11 schools, **A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS,**  
12 **A COMMUNITY COLLEGE DISTRICT WITH ENROLLMENT OF MORE THAN FIFTEEN THOUSAND**  
13 **FULL-TIME EQUIVALENT STUDENTS OR A GROUP OF COMMUNITY COLLEGE DISTRICTS WITH**  
14 **A COMBINED ENROLLMENT OF MORE THAN FIFTEEN THOUSAND FULL-TIME EQUIVALENT**  
15 **STUDENTS**, subject to the following requirements:

16 1. For charter schools that submit an application for sponsorship to a  
17 school district governing board:

18 (a) An applicant for a charter school may submit its application to a  
19 school district governing board, which shall either accept or reject  
20 sponsorship of the charter school within ninety days. An applicant may  
21 submit a revised application for reconsideration by the governing board. If  
22 the governing board rejects the application, the governing board shall notify  
23 the applicant in writing of the reasons for the rejection. The applicant may  
24 request, and the governing board may provide, technical assistance to improve  
25 the application.

26 (b) In the first year that a school district is determined to be out  
27 of compliance with the uniform system of financial records, within fifteen  
28 days of the determination of noncompliance, the school district shall notify  
29 by certified mail each charter school sponsored by the school district that  
30 the school district is out of compliance with the uniform system of financial  
31 records. The notification shall include a statement that if the school  
32 district is determined to be out of compliance for a second consecutive year,  
33 the charter school will be required to transfer sponsorship to another entity  
34 pursuant to subdivision (c) of this paragraph.

35 (c) In the second consecutive year that a school district is  
36 determined to be out of compliance with the uniform system of financial  
37 records, within fifteen days of the determination of noncompliance, the  
38 school district shall notify by certified mail each charter school sponsored  
39 by the school district that the school district is out of compliance with the  
40 uniform system of financial records. A charter school that receives a  
41 notification of school district noncompliance pursuant to this subdivision  
42 shall file a written sponsorship transfer application within forty-five days  
43 with the state board of education, the state board for charter schools or the  
44 school district governing board if the charter school is located within the  
45 geographic boundaries of that school district. A charter school that

1 receives a notification of school district noncompliance may request an  
2 extension of time to file a sponsorship transfer application, and the state  
3 board of education, the state board for charter schools or a school district  
4 governing board may grant an extension of not more than an additional thirty  
5 days if good cause exists for the extension. The state board of education  
6 and the state board for charter schools shall approve a sponsorship transfer  
7 application pursuant to this paragraph.

8 (d) A school district governing board shall not grant a charter to a  
9 charter school that is located outside the geographic boundaries of that  
10 school district.

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

14 2. The applicant may submit the application to the state board of  
15 education or the state board for charter schools. The state board of  
16 education or the state board for charter schools may approve the application  
17 if the application meets the requirements of this article and may approve the  
18 charter if the proposed sponsor determines, within its sole discretion, that  
19 the applicant is sufficiently qualified to operate a charter school. The  
20 state board of education or the state board for charter schools may approve  
21 any charter schools transferring charters. The state board of education and  
22 the state board for charter schools shall approve any charter schools  
23 transferring charters from a school district that is determined to be out of  
24 compliance with the uniform system of financial records pursuant to this  
25 section, but may require the charter school to sign a new charter that is  
26 equivalent to the charter awarded by the former sponsor. If the state board  
27 of education or the state board for charter schools rejects the preliminary  
28 application, the state board of education or the state board for charter  
29 schools shall notify the applicant in writing of the reasons for the  
30 rejection and of suggestions for improving the application. An applicant may  
31 submit a revised application for reconsideration by the state board of  
32 education or the state board for charter schools. The applicant may request,  
33 and the state board of education or the state board for charter schools may  
34 provide, technical assistance to improve the application.

35 3. THE APPLICANT MAY SUBMIT THE APPLICATION TO A UNIVERSITY UNDER THE  
36 JURISDICTION OF THE ARIZONA BOARD OF REGENTS, A COMMUNITY COLLEGE DISTRICT OR  
37 A GROUP OF COMMUNITY COLLEGE DISTRICTS. A UNIVERSITY, A COMMUNITY COLLEGE  
38 DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS MAY APPROVE THE  
39 APPLICATION IF IT MEETS THE REQUIREMENTS OF THIS ARTICLE AND IF THE PROPOSED  
40 SPONSOR DETERMINES, IN ITS SOLE DISCRETION, THAT THE APPLICANT IS  
41 SUFFICIENTLY QUALIFIED TO OPERATE A CHARTER SCHOOL.

42 ~~3-~~ 4. Each applicant seeking to establish a charter school shall  
43 submit a full set of fingerprints to the approving agency for the purpose of  
44 obtaining a state and federal criminal records check pursuant to section  
45 41-1750 and Public Law 92-544. If an applicant will have direct contact with

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

6 ~~4.~~ 5. All persons engaged in instructional work directly as a  
7 classroom, laboratory or other teacher or indirectly as a supervisory  
8 teacher, speech therapist or principal shall have a valid fingerprint  
9 clearance card that is issued pursuant to title 41, chapter 12, article 3.1,  
10 unless the person is a volunteer or guest speaker who is accompanied in the  
11 classroom by a person with a valid fingerprint clearance card. A charter  
12 school shall not employ a teacher whose certificate has been revoked for a  
13 violation of section 15-507 or 15-550 or for any offense that placed a pupil  
14 in danger. All other personnel shall be fingerprint checked pursuant to  
15 section 15-512. Before employment, the charter school shall make documented,  
16 good faith efforts to contact previous employers of a person to obtain  
17 information and recommendations that may be relevant to a person's fitness  
18 for employment as prescribed in section 15-512, subsection F. The charter  
19 school shall notify the department of public safety if the charter school or  
20 sponsor receives credible evidence that a person who possesses a valid  
21 fingerprint clearance card is arrested for or is charged with an offense  
22 listed in section 41-1758.03, subsection B. Charter schools may hire  
23 personnel that have not yet received a fingerprint clearance card if proof is  
24 provided of the submission of an application to the department of public  
25 safety for a fingerprint clearance card and if the charter school that is  
26 seeking to hire the applicant does all of the following:

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

29 (b) Ensures that the department of public safety completes a statewide  
30 criminal records check on the applicant. A statewide criminal records check  
31 shall be completed by the department of public safety every one hundred  
32 twenty days until the date that the fingerprint check is completed.

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

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

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

41 (f) Verifies the fingerprint status of the applicant with the  
42 department of public safety.

43 ~~5.~~ 6. A charter school that complies with the fingerprinting  
44 requirements of this section shall be deemed to have complied with section

1 15-512 and is entitled to the same rights and protections provided to school  
2 districts by section 15-512.

3 ~~6-~~ 7. If a charter school operator is not already subject to a public  
4 meeting or hearing by the municipality in which the charter school is  
5 located, the operator of a charter school shall conduct a public meeting at  
6 least thirty days before the charter school operator opens a site or sites  
7 for the charter school. The charter school operator shall post notices of  
8 the public meeting in at least three different locations that are within  
9 three hundred feet of the proposed charter school site.

10 ~~7-~~ 8. A person who is employed by a charter school or who is an  
11 applicant for employment with a charter school, who is arrested for or  
12 charged with a nonappealable offense listed in section 41-1758.03, subsection  
13 B and who does not immediately report the arrest or charge to the person's  
14 supervisor or potential employer is guilty of unprofessional conduct and the  
15 person shall be immediately dismissed from employment with the charter school  
16 or immediately excluded from potential employment with the charter school.

17 ~~8-~~ 9. A person who is employed by a charter school and who is  
18 convicted of any nonappealable offense listed in section 41-1758.03,  
19 subsection B or is convicted of any nonappealable offense that amounts to  
20 unprofessional conduct under section 15-550 shall immediately do all of the  
21 following:

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

23 (b) Notify the person's employer or potential employer of the  
24 conviction.

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

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

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

33 E. The charter of a charter school shall ensure the following:

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

39 2. That it is nonsectarian in its programs, admission policies and  
40 employment practices and all other operations.

41 3. That it provides a comprehensive program of instruction for at  
42 least a kindergarten program or any grade between grades one and twelve,  
43 except that a school may offer this curriculum with an emphasis on a specific  
44 learning philosophy or style or certain subject areas such as mathematics,  
45 science, fine arts, performance arts or foreign language.

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

7           5. That, except as provided in this article and in its charter, it is  
8 exempt from all statutes and rules relating to schools, governing boards and  
9 school districts.

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

24          7. Compliance with all federal and state laws relating to the  
25 education of children with disabilities in the same manner as a school  
26 district.

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

33          9. That it provides a minimum of one hundred seventy-five  
34 instructional days before June 30 of each fiscal year unless it is operating  
35 on an alternative calendar approved by its sponsor. The superintendent of  
36 public instruction shall adjust the apportionment schedule accordingly to  
37 accommodate a charter school utilizing an alternative calendar.

38          F. The charter of a charter school shall include a description of the  
39 charter school's personnel policies, personnel qualifications and method of  
40 school governance and the specific role and duties of the sponsor of the  
41 charter school. A charter school shall keep on file the resumes of all  
42 current and former employees who provide instruction to pupils at the charter  
43 school. Resumes shall include an individual's educational and teaching  
44 background and experience in a particular academic content subject area. A  
45 charter school shall inform parents and guardians of the availability of the



1 resume information and shall make the resume information available for  
2 inspection on request of parents and guardians of pupils enrolled at the  
3 charter school. Nothing in this subsection shall be construed to require any  
4 charter school to release personally identifiable information in relation to  
5 any teacher or employee, including the teacher's or employee's address,  
6 salary, social security number or telephone number.

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

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

10 I. An approved plan to establish a charter school is effective for  
11 fifteen years from the first day of the fiscal year the charter school is in  
12 operation, subject to the following:

13 1. At least eighteen months before the expiration of the approved  
14 plan, the sponsor shall notify the charter school that the charter school may  
15 apply for renewal. A charter school that elects to apply for renewal shall  
16 file an application for renewal at least fifteen months before the expiration  
17 of the approved plan. In addition to any other requirements, the application  
18 for renewal shall include a detailed business plan for the charter school, a  
19 review of fiscal audits and academic performance data for the charter school  
20 that are annually collected by the sponsor and a review of the current  
21 contract between the sponsor and the charter school. The sponsor may deny  
22 the request for renewal if, in its judgment, the charter school has failed to  
23 complete the obligations of the contract or has failed to comply with this  
24 article. A sponsor shall give written notice of its intent not to renew the  
25 charter school's request for renewal to the charter school at least twelve  
26 months before the expiration of the approved plan to allow the charter school  
27 an opportunity to apply to another sponsor to transfer the operation of the  
28 charter school. If the operation of the charter school is transferred to  
29 another sponsor, the fifteen year period of the current charter shall be  
30 maintained.

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

40 3. A sponsor shall review a charter at five year intervals and may  
41 revoke a charter at any time if the charter school breaches one or more  
42 provisions of its charter. At least ninety days before the effective date of  
43 the proposed revocation the sponsor shall give written notice to the operator  
44 of the charter school of its intent to revoke the charter. Notice of the  
45 sponsor's intent to revoke the charter shall be delivered personally to the

1 operator of the charter school or sent by certified mail, return receipt  
2 requested, to the address of the charter school. The notice shall  
3 incorporate a statement of reasons for the proposed revocation of the  
4 charter. The sponsor shall allow the charter school at least ninety days to  
5 correct the problems associated with the reasons for the proposed revocation  
6 of the charter. The final determination of whether to revoke the charter  
7 shall be made at a public hearing called for such purpose.

8 J. The charter may be renewed for successive periods of twenty years  
9 if the sponsor deems that the school is in compliance with its own charter  
10 and this article.

11 K. A charter school that is sponsored by the state board of education,  
12 ~~or~~ the state board for charter schools, A UNIVERSITY, A COMMUNITY COLLEGE  
13 DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS may not be located on the  
14 property of a school district unless the district governing board grants this  
15 authority.

16 L. A governing board or a school district employee who has control  
17 over personnel actions shall not take unlawful reprisal against another  
18 employee of the school district because the employee is directly or  
19 indirectly involved in an application to establish a charter school. A  
20 governing board or a school district employee shall not take unlawful  
21 reprisal against an educational program of the school or the school district  
22 because an application to establish a charter school proposes the conversion  
23 of all or a portion of the educational program to a charter school. For the  
24 purposes of this subsection, "unlawful reprisal" means an action that is  
25 taken by a governing board or a school district employee as a direct result  
26 of a lawful application to establish a charter school and that is adverse to  
27 another employee or an education program and:

28 1. With respect to a school district employee, results in one or more  
29 of the following:

- 30 (a) Disciplinary or corrective action.
- 31 (b) Detail, transfer or reassignment.
- 32 (c) Suspension, demotion or dismissal.
- 33 (d) An unfavorable performance evaluation.
- 34 (e) A reduction in pay, benefits or awards.
- 35 (f) Elimination of the employee's position without a reduction in  
36 force by reason of lack of monies or work.
- 37 (g) Other significant changes in duties or responsibilities that are  
38 inconsistent with the employee's salary or employment classification.

39 2. With respect to an educational program, results in one or more of  
40 the following:

- 41 (a) Suspension or termination of the program.
- 42 (b) Transfer or reassignment of the program to a less favorable  
43 department.
- 44 (c) Relocation of the program to a less favorable site within the  
45 school or school district.

1 (d) Significant reduction or termination of funding for the program.

2 M. Charter schools shall secure insurance for liability and property  
3 loss. The governing body of a charter school that is sponsored by the state  
4 board of education or the state board for charter schools may enter into an  
5 intergovernmental agreement or otherwise contract to participate in an  
6 insurance program offered by a risk retention pool established pursuant to  
7 section 11-952.01 or 41-621.01 or the charter school may secure its own  
8 insurance coverage. The pool may charge the requesting charter school  
9 reasonable fees for any services it performs in connection with the insurance  
10 program.

11 N. Charter schools do not have the authority to acquire property by  
12 eminent domain.

13 O. A sponsor, including members, officers and employees of the  
14 sponsor, is immune from personal liability for all acts done and actions  
15 taken in good faith within the scope of its authority.

16 P. Charter school sponsors and this state are not liable for the debts  
17 or financial obligations of a charter school or persons who operate charter  
18 schools.

19 Q. The sponsor of a charter school shall establish procedures to  
20 conduct administrative hearings on determination by the sponsor that grounds  
21 exist to revoke a charter. Procedures for administrative hearings shall be  
22 similar to procedures prescribed for adjudicative proceedings in title 41,  
23 chapter 6, article 10. Except as provided in section 41-1092.08, subsection  
24 H, final decisions of the state board of education and the state board for  
25 charter schools from hearings conducted pursuant to this subsection are  
26 subject to judicial review pursuant to title 12, chapter 7, article 6.

27 R. The sponsoring entity of a charter school shall have oversight and  
28 administrative responsibility for the charter schools that it sponsors.

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

31 T. All property accumulated by a charter school shall remain the  
32 property of the charter school.

33 U. Charter schools may not locate a school on property that is less  
34 than one-fourth mile from agricultural land regulated pursuant to section  
35 3-365, except that the owner of the agricultural land may agree to comply  
36 with the buffer zone requirements of section 3-365. If the owner agrees in  
37 writing to comply with the buffer zone requirements and records the agreement  
38 in the office of the county recorder as a restrictive covenant running with  
39 the title to the land, the charter school may locate a school within the  
40 affected buffer zone. The agreement may include any stipulations regarding  
41 the charter school, including conditions for future expansion of the school  
42 and changes in the operational status of the school that will result in a  
43 breach of the agreement.

44 V. A transfer of a charter to another sponsor, a transfer of a charter  
45 school site to another sponsor or a transfer of a charter school site to a

1 different charter shall be completed before the beginning of the fiscal year  
2 that the transfer is scheduled to become effective. An entity that sponsors  
3 charter schools may accept a transferring school after the beginning of the  
4 fiscal year if the transfer is approved by the superintendent of public  
5 instruction. The superintendent of public instruction shall have the  
6 discretion to consider each transfer during the fiscal year on a case by case  
7 basis. If a charter school is sponsored by a school district that is  
8 determined to be out of compliance with this title, the uniform system of  
9 financial records or any other state or federal law, the charter school may  
10 transfer to another sponsoring entity at any time during the fiscal year.

11 W. The sponsoring entity may not charge any fees to a charter school  
12 that it sponsors unless the sponsor has provided services to the charter  
13 school and the fees represent the full value of those services provided by  
14 the sponsor. On request, the value of the services provided by the sponsor  
15 to the charter school shall be demonstrated to the department of education.

16 X. Charter schools may enter into an intergovernmental agreement with  
17 a presiding judge of the juvenile court to implement a law related education  
18 program as defined in section 15-154. The presiding judge of the juvenile  
19 court may assign juvenile probation officers to participate in a law related  
20 education program in any charter school in the county. The cost of juvenile  
21 probation officers who participate in the program implemented pursuant to  
22 this ~~paragraph~~ SUBSECTION shall be funded by the charter school.

23 Sec. 4. Section 15-185, Arizona Revised Statutes, as amended by Laws  
24 2010, chapter 17, section 2, is amended to read:

25 15-185. Charter schools; financing; civil penalty;  
26 transportation; definitions

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

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

41 2. A school district is not financially responsible for any charter  
42 school that is sponsored by the state board of education, ~~or~~ the state board  
43 for charter schools, A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD  
44 OF REGENTS, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE  
45 DISTRICTS.

1           3. A school district that sponsors a charter school may:  
2           (a) Increase its student count as provided in subsection B, paragraph  
3 2 of this section during the first year of the charter school's operation to  
4 include those charter school pupils who were not previously enrolled in the  
5 school district. A charter school sponsored by a school district governing  
6 board is eligible for the assistance prescribed in subsection B, paragraph 4  
7 of this section. The soft capital allocation as provided in section 15-962  
8 for the school district sponsoring the charter school shall be increased by  
9 the amount of the additional assistance. The school district shall include  
10 the full amount of the additional assistance in the funding provided to the  
11 charter school.

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

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

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

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

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

44           B. Financial provisions for a charter school that is sponsored by the  
45 state board of education, ~~or~~ the state board for charter schools, A

1 UNIVERSITY, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE  
2 DISTRICTS are as follows:

3 1. The charter school shall calculate a base support level as  
4 prescribed in section 15-943, except that sections 15-941 and 15-942 do not  
5 apply to these charter schools.

6 2. Notwithstanding paragraph 1 of this subsection, the student count  
7 shall be determined initially using an estimated student count based on  
8 actual registration of pupils before the beginning of the school year. After  
9 the first one hundred days or two hundred days in session, as applicable, the  
10 charter school shall revise the student count to be equal to the actual  
11 average daily membership, as defined in section 15-901, or the adjusted  
12 average daily membership, as prescribed in section 15-902, of the charter  
13 school. A charter school that provides two hundred days of instruction may  
14 use section 15-902.02 for the purposes of this section. Before the one  
15 hundredth day or two hundredth day in session, as applicable, the state board  
16 of education, ~~or~~ the state board for charter schools, THE SPONSORING  
17 UNIVERSITY, THE SPONSORING COMMUNITY COLLEGE DISTRICT OR THE SPONSORING GROUP  
18 OF COMMUNITY COLLEGE DISTRICTS may require a charter school to report  
19 periodically regarding pupil enrollment and attendance, and the department of  
20 education may revise its computation of equalization assistance based on the  
21 report. A charter school shall revise its student count, base support level  
22 and additional assistance before May 15. A charter school that overestimated  
23 its student count shall revise its budget before May 15. A charter school  
24 that underestimated its student count may revise its budget before May 15.

25 3. A charter school may utilize section 15-855 for the purposes of  
26 this section. The charter school and the department of education shall  
27 prescribe procedures for determining average daily attendance and average  
28 daily membership.

29 4. Equalization assistance for the charter school shall be determined  
30 by adding the amount of the base support level and additional assistance.  
31 The amount of the additional assistance is one thousand five hundred  
32 eighty-eight dollars forty-four cents per student count in kindergarten  
33 programs and grades one through eight and one thousand eight hundred  
34 fifty-one dollars thirty cents per student count in grades nine through  
35 twelve.

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

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

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

7           C. If a pupil is enrolled in both a charter school and a public school  
8 that is not a charter school, the sum of the daily membership, which includes  
9 enrollment as prescribed in section 15-901, subsection A, paragraph 2,  
10 subdivisions (a) and (b) and daily attendance as prescribed in section  
11 15-901, subsection A, paragraph 6, for that pupil in the school district and  
12 the charter school shall not exceed 1.0, except that if the pupil is enrolled  
13 in both a charter school and a joint technical education district and resides  
14 within the boundaries of a school district participating in the joint  
15 technical education district, the sum of the average daily membership for  
16 that pupil in the charter school and the joint technical education district  
17 shall not exceed 1.25. If a pupil is enrolled in both a charter school and a  
18 public school that is not a charter school, the department of education shall  
19 direct the average daily membership to the school with the most recent  
20 enrollment date. Upon validation of actual enrollment in both a charter  
21 school and a public school that is not a charter school and if the sum of the  
22 daily membership or daily attendance for that pupil is greater than 1.0, the  
23 sum shall be reduced to 1.0 and shall be apportioned between the public  
24 school and the charter school based on the percentage of total time that the  
25 pupil is enrolled or in attendance in the public school and the charter  
26 school, except that if the pupil is enrolled in both a charter school and a  
27 joint technical education district and resides within the boundaries of a  
28 school district participating in the joint technical education district, the  
29 sum of the average daily membership for that pupil in the charter school and  
30 the joint technical education district shall be reduced to 1.25 and shall be  
31 apportioned between the charter school and the joint technical education  
32 district based on the percentage of total time that the pupil is enrolled or  
33 in attendance in the charter school and the joint technical education  
34 district. The uniform system of financial records shall include guidelines  
35 for the apportionment of the pupil enrollment and attendance as provided in  
36 this section.

37           D. Charter schools are allowed to accept grants and gifts to  
38 supplement their state funding, but it is not the intent of the charter  
39 school law to require taxpayers to pay twice to educate the same pupils. The  
40 base support level for a charter school or for a school district sponsoring a  
41 charter school shall be reduced by an amount equal to the total amount of  
42 monies received by a charter school from a federal or state agency if the  
43 federal or state monies are intended for the basic maintenance and operations  
44 of the school. The superintendent of public instruction shall estimate the  
45 amount of the reduction for the budget year and shall revise the reduction to

1 reflect the actual amount before May 15 of the current year. If the  
2 reduction results in a negative amount, the negative amount shall be used in  
3 computing all budget limits and equalization assistance, except that:

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

5 2. For a charter school sponsored by the state board of education, ~~or~~  
6 the state board for charter schools, A UNIVERSITY, A COMMUNITY COLLEGE  
7 DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS, the total of the base  
8 support level and the additional assistance shall not be less than zero.

9 3. For a charter school sponsored by a school district, the base  
10 support level for the school district shall not be reduced by more than the  
11 amount that the charter school increased the district's base support level,  
12 capital outlay revenue limit and soft capital allocation.

13 E. If a charter school was a district public school in the prior year  
14 and is now being operated for or by the same school district and sponsored by  
15 the state board of education, the state board for charter schools, A  
16 UNIVERSITY, A COMMUNITY COLLEGE DISTRICT, A GROUP OF COMMUNITY COLLEGE  
17 DISTRICTS or a school district governing board, the reduction in subsection D  
18 of this section applies. The reduction to the base support level of the  
19 charter school or the sponsoring district of the charter school shall equal  
20 the sum of the base support level and the additional assistance received in  
21 the current year for those pupils who were enrolled in the traditional public  
22 school in the prior year and are now enrolled in the charter school in the  
23 current year.

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

27 G. At the request of a charter school, the county school  
28 superintendent of the county where the charter school is located may provide  
29 the same educational services to the charter school as prescribed in section  
30 15-308, subsection A. The county school superintendent may charge a fee to  
31 recover costs for providing educational services to charter schools.

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



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

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

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

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

36 L. NOTWITHSTANDING ANY OTHER LAW, A UNIVERSITY UNDER THE JURISDICTION  
37 OF THE ARIZONA BOARD OF REGENTS, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF  
38 COMMUNITY COLLEGE DISTRICTS SHALL NOT INCLUDE ANY STUDENT IN THE STUDENT  
39 COUNT OF THE UNIVERSITY, COMMUNITY COLLEGE DISTRICT OR GROUP OF COMMUNITY  
40 COLLEGE DISTRICTS FOR STATE FUNDING PURPOSES IF THAT STUDENT IS ENROLLED IN  
41 AND ATTENDING A CHARTER SCHOOL SPONSORED BY THE UNIVERSITY, COMMUNITY COLLEGE  
42 DISTRICT OR GROUP OF COMMUNITY COLLEGE DISTRICTS.

43 M. THE GOVERNING BODY OF A CHARTER SCHOOL SHALL TRANSMIT A COPY OF ITS  
44 PROPOSED BUDGET OR THE SUMMARY OF THE PROPOSED BUDGET AND A NOTICE OF THE  
45 PUBLIC HEARING TO THE DEPARTMENT OF EDUCATION FOR POSTING ON THE DEPARTMENT

1 OF EDUCATION'S WEBSITE NO LATER THAN TEN DAYS BEFORE THE HEARING AND MEETING.  
2 IF THE CHARTER SCHOOL MAINTAINS A WEBSITE, THE CHARTER SCHOOL GOVERNING BODY  
3 SHALL POST ON ITS WEBSITE A COPY OF ITS PROPOSED BUDGET OR THE SUMMARY OF THE  
4 PROPOSED BUDGET AND A NOTICE OF THE PUBLIC HEARING.

5 ~~+~~ N. For the purposes of this section:

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

12 2. "Operated for or by the same school district" means the charter  
13 school is either governed by the same district governing board or operated by  
14 the district in the same manner as other traditional schools in the district  
15 or is operated by an independent party that has a contract with the school  
16 district. The auditor general and the department of education shall  
17 determine which charter schools meet the definition in this subsection.

18 Sec. 5. Section 15-203, Arizona Revised Statutes, is amended to read:

19 15-203. Powers and duties

20 A. The state board of education shall:

21 1. Exercise general supervision over and regulate the conduct of the  
22 public school system and adopt any rules and policies it deems necessary to  
23 accomplish this purpose.

24 2. Keep a record of its proceedings.

25 3. Make rules for its own government.

26 4. Determine the policy and work undertaken by it.

27 5. Appoint its employees, on the recommendation of the superintendent  
28 of public instruction.

29 6. Prescribe the duties of its employees if not prescribed by statute.

30 7. Delegate to the superintendent of public instruction the execution  
31 of board policies and rules.

32 8. Recommend to the legislature changes or additions to the statutes  
33 pertaining to schools.

34 9. Prepare, publish and distribute reports concerning the educational  
35 welfare of this state.

36 10. Prepare a budget for expenditures necessary for proper maintenance  
37 of the board and accomplishment of its purposes and present the budget to the  
38 legislature.

39 11. Aid in the enforcement of laws relating to schools.

40 12. Prescribe a minimum course of study in the common schools, minimum  
41 competency requirements for the promotion of pupils from the third grade and  
42 minimum course of study and competency requirements for the promotion of  
43 pupils from the eighth grade. The state board of education shall prepare a  
44 fiscal impact statement of any proposed changes to the minimum course of  
45 study or competency requirements and, on completion, shall send a copy to the

1 director of the joint legislative budget committee and the executive director  
2 of the school facilities board. The state board of education shall not adopt  
3 any changes in the minimum course of study or competency requirements in  
4 effect on July 1, 1998 that will have a fiscal impact on school capital  
5 costs.

6 13. Prescribe minimum course of study and competency requirements for  
7 the graduation of pupils from high school. The state board of education  
8 shall prepare a fiscal impact statement of any proposed changes to the  
9 minimum course of study or competency requirements and, on completion, shall  
10 send a copy to the director of the joint legislative budget committee and the  
11 executive director of the school facilities board. The state board of  
12 education shall not adopt any changes in the minimum course of study or  
13 competency requirements in effect on July 1, 1998 that will have a fiscal  
14 impact on school capital costs.

15 14. Supervise and control the certification of persons engaged in  
16 instructional work directly as any classroom, laboratory or other teacher or  
17 indirectly as a supervisory teacher, speech therapist, principal or  
18 superintendent in a school district, including school district preschool  
19 programs, or any other educational institution below the community college,  
20 college or university level, and prescribe rules for certification, including  
21 rules for certification of teachers who have teaching experience and who are  
22 trained in other states, which are not unnecessarily restrictive and are  
23 substantially similar to the rules prescribed for the certification of  
24 teachers trained in this state. The rules shall require applicants for all  
25 certificates for common school instruction to complete a minimum of  
26 forty-five classroom hours or three college level credit hours, or the  
27 equivalent, of training in research based systematic phonics instruction from  
28 a public or private provider. The rules shall not require a teacher to  
29 obtain a master's degree or to take any additional graduate courses as a  
30 condition of certification or recertification. The rules shall allow a  
31 general equivalency diploma to be substituted for a high school diploma in  
32 the certification of emergency substitute teachers. The rules shall allow  
33 but shall not require the superintendent of a school district to obtain  
34 certification from the state board of education.

35 15. Adopt a list of approved tests for determining special education  
36 assistance to gifted pupils as defined in and as provided in chapter 7,  
37 article 4.1 of this title. The adopted tests shall provide separate scores  
38 for quantitative reasoning, verbal reasoning and nonverbal reasoning and  
39 shall be capable of providing reliable and valid scores at the highest ranges  
40 of the score distribution.

41 16. Adopt rules governing the methods for the administration of all  
42 proficiency examinations.

43 17. Adopt proficiency examinations for its use. The state board of  
44 education shall determine the passing score for the proficiency examination.

1           18. Include within its budget the cost of contracting for the purchase,  
2 distribution and scoring of the examinations as provided in paragraphs 16 and  
3 17 of this subsection.

4           19. Supervise and control the qualifications of professional  
5 nonteaching school personnel and prescribe standards relating to  
6 qualifications. The standards shall not require the business manager of a  
7 school district to obtain certification from the state board of education.

8           20. Impose such disciplinary action, including the issuance of a letter  
9 of censure, suspension, suspension with conditions or revocation of a  
10 certificate, upon a finding of immoral or unprofessional conduct.

11           21. Establish an assessment, data gathering and reporting system for  
12 pupil performance as prescribed in chapter 7, article 3 of this title.

13           22. Adopt a rule to promote braille literacy pursuant to section  
14 15-214.

15           23. Adopt rules prescribing procedures for the investigation by the  
16 department of education of every written complaint alleging that a  
17 certificated person has engaged in immoral conduct.

18           24. For purposes of federal law, serve as the state board for  
19 vocational and technological education and meet at least four times each year  
20 solely to execute the powers and duties of the state board for vocational and  
21 technological education.

22           25. Develop and maintain a handbook for use in the schools of this  
23 state that provides guidance for the teaching of moral, civic and ethical  
24 education. The handbook shall promote existing curriculum frameworks and  
25 shall encourage school districts to recognize moral, civic and ethical values  
26 within instructional and programmatic educational development programs for  
27 the general purpose of instilling character and ethical principles in pupils  
28 in kindergarten programs and grades one through twelve.

29           26. Require pupils to recite the following passage from the declaration  
30 of independence for pupils in grades four through six at the commencement of  
31 the first class of the day in the schools, except that a pupil shall not be  
32 required to participate if the pupil or the pupil's parent or guardian  
33 objects:

34                   We hold these truths to be self-evident, that all men are  
35 created equal, that they are endowed by their creator with  
36 certain unalienable rights, that among these are life, liberty  
37 and the pursuit of happiness. That to secure these rights,  
38 governments are instituted among men, deriving their just powers  
39 from the consent of the governed. . . .

40           27. Adopt rules that provide for teacher certification reciprocity.  
41 The rules shall provide for a one year reciprocal teaching certificate with  
42 minimum requirements, including valid teacher certification from a state with  
43 substantially similar criminal history or teacher fingerprinting requirements  
44 and proof of the submission of an application for a fingerprint clearance  
45 card pursuant to title 41, chapter 12, article 3.1.

1           28. Adopt rules that provide for the presentation of an honorary high  
2 school diploma to a person who has never obtained a high school diploma and  
3 who meets both of the following requirements:

4           (a) Currently resides in this state.

5           (b) Provides documented evidence from the Arizona department of  
6 veterans' services that the person enlisted in the armed forces of the United  
7 States and served in World War I, World War II, the Korean conflict or the  
8 Vietnam conflict.

9           29. Cooperate with the Arizona-Mexico commission in the governor's  
10 office and with researchers at universities in this state to collect data and  
11 conduct projects in the United States and Mexico on issues that are within  
12 the scope of the duties of the department of education and that relate to  
13 quality of life, trade and economic development in this state in a manner  
14 that will help the Arizona-Mexico commission to assess and enhance the  
15 economic competitiveness of this state and of the Arizona-Mexico region.

16           30. Adopt rules to define and provide guidance to schools as to the  
17 activities that would constitute immoral or unprofessional conduct of  
18 certificated persons.

19           31. Adopt guidelines to encourage pupils in grades nine, ten, eleven  
20 and twelve to volunteer for twenty hours of community service before  
21 graduation from high school. A school district that complies with the  
22 guidelines adopted pursuant to this paragraph is not liable for damages  
23 resulting from a pupil's participation in community service unless the school  
24 district is found to have demonstrated wanton or reckless disregard for the  
25 safety of the pupil and other participants in community service. For the  
26 purposes of this paragraph, "community service" may include service learning.  
27 The guidelines shall include the following:

28           (a) A list of the general categories in which community service may be  
29 performed.

30           (b) A description of the methods by which community service will be  
31 monitored.

32           (c) A consideration of risk assessment for community service projects.

33           (d) Orientation and notification procedures of community service  
34 opportunities for pupils entering grade nine, including the development of a  
35 notification form. The notification form shall be signed by the pupil and  
36 the pupil's parent or guardian, except that a pupil shall not be required to  
37 participate in community service if the parent or guardian notifies the  
38 principal of the pupil's school in writing that the parent or guardian does  
39 not wish the pupil to participate in community service.

40           (e) Procedures for a pupil in grade nine to prepare a written proposal  
41 that outlines the type of community service that the pupil would like to  
42 perform and the goals that the pupil hopes to achieve as a result of  
43 community service. The pupil's written proposal shall be reviewed by a  
44 faculty advisor, a guidance counselor or any other school employee who is  
45 designated as the community service program coordinator for that school. The

1 pupil may alter the written proposal at any time before performing community  
2 service.

3 (f) Procedures for a faculty advisor, a guidance counselor or any  
4 other school employee who is designated as the community service program  
5 coordinator to evaluate and certify the completion of community service  
6 performed by pupils.

7 32. To facilitate the transfer of military personnel and their  
8 dependents to and from the public schools of this state, pursue, in  
9 cooperation with the Arizona board of regents, reciprocity agreements with  
10 other states concerning the transfer credits for military personnel and their  
11 dependents. A reciprocity agreement entered into pursuant to this paragraph  
12 shall:

13 (a) Address procedures for each of the following:

14 (i) The transfer of student records.

15 (ii) Awarding credit for completed course work.

16 (iii) Permitting a student to satisfy the graduation requirements  
17 prescribed in section 15-701.01 through the successful performance on  
18 comparable exit-level assessment instruments administered in another state.

19 (b) Include appropriate criteria developed by the state board of  
20 education and the Arizona board of regents.

21 33. Adopt guidelines that school district governing boards shall use in  
22 identifying pupils who are eligible for gifted programs and in providing  
23 gifted education programs and services. The state board of education shall  
24 adopt any other guidelines and rules that it deems necessary in order to  
25 carry out the purposes of chapter 7, article 4.1 of this title.

26 34. For each of the alternative textbook formats of human-voiced audio,  
27 large-print and braille, designate alternative media producers to adapt  
28 existing standard print textbooks or to provide specialized textbooks, or  
29 both, for pupils with disabilities in this state. Each alternative media  
30 producer shall be capable of producing alternative textbooks in all relevant  
31 subjects in at least one of the alternative textbook formats. The board  
32 shall post the designated list of alternative media producers on its website.

33 35. Adopt a list of approved professional development training  
34 providers for use by school districts as provided in section 15-107,  
35 subsection J. The professional development training providers shall meet the  
36 training curriculum requirements determined by the state board of education  
37 in at least the areas of school finance, governance, employment, staffing,  
38 inventory and human resources, internal controls and procurement.

39 36. Adopt rules to prohibit a person who violates the notification  
40 requirements prescribed in section 15-183, subsection C, paragraph ~~7~~ 8 or  
41 section 15-550, subsection C from certification pursuant to this title until  
42 the person is no longer charged or is acquitted of any offenses listed in  
43 section 41-1758.03, subsection B. The board shall also adopt rules to  
44 prohibit a person who violates the notification requirements, certification  
45 surrender requirements or fingerprint clearance card surrender requirements

1 prescribed in section 15-183, subsection C, paragraph ~~8~~ 9 or section 15-550,  
2 subsection D from certification pursuant to this title for at least ten years  
3 after the date of the violation.

4 37. Adopt rules for the alternative certification of teachers of  
5 nontraditional foreign languages that allow for the passing of a nationally  
6 accredited test to substitute for the education coursework required for  
7 certification.

8 B. The state board of education may:

9 1. Contract.

10 2. Sue and be sued.

11 3. Distribute and score the tests prescribed in chapter 7, article 3  
12 of this title.

13 4. Provide for an advisory committee to conduct hearings and  
14 screenings to determine whether grounds exist to impose disciplinary action  
15 against a certificated person, whether grounds exist to reinstate a revoked  
16 or surrendered certificate and whether grounds exist to approve or deny an  
17 initial application for certification or a request for renewal of a  
18 certificate. The board may delegate its responsibility to conduct hearings  
19 and screenings to its advisory committee. Hearings shall be conducted  
20 pursuant to title 41, chapter 6, article 6.

21 5. Proceed with the disposal of any complaint requesting disciplinary  
22 action or with any disciplinary action against a person holding a certificate  
23 as prescribed in subsection A, paragraph 14 of this section after the  
24 suspension or expiration of the certificate or surrender of the certificate  
25 by the holder.

26 6. Assess costs and reasonable attorney fees against a person who  
27 files a frivolous complaint or who files a complaint in bad faith. Costs  
28 assessed pursuant to this paragraph shall not exceed the expenses incurred by  
29 the state board in the investigation of the complaint.

30 Sec. 6. Section 15-213, Arizona Revised Statutes, is amended to read:

31 15-213. Procurement practices of school districts and charter  
32 schools; definitions

33 A. The state board of education shall adopt rules prescribing  
34 procurement practices for all school districts in this state as follows:

35 1. The state board shall submit to the auditor general proposed rules  
36 consistent with the procurement practices prescribed in title 41, chapter 23,  
37 modifying the provisions for public notice of invitation for bids, requests  
38 for proposals and requests for qualifications to allow a governing board to  
39 give public notice of the invitation for bids, requests for proposals and  
40 requests for qualifications by publication in the official newspaper of the  
41 county as defined in section 11-255, modifying the provisions relating to  
42 disposal of materials to comply with section 15-342, paragraph 18, providing  
43 for governing board delegation of procurement authority and modifying as  
44 necessary other provisions that the state board determines are not  
45 appropriate for school districts. The rules shall include provisions

1 specifying that school districts are not required to engage in competitive  
2 bidding in order to make the decision to participate in programs pursuant to  
3 section 15-382 and that a program authorized by section 15-382 is not  
4 required to engage in competitive bidding for the services necessary to  
5 administer the program or for purchase of insurance or reinsurance. The  
6 rules shall include provisions specifying that school districts are not  
7 required to engage in competitive bidding in order to place a pupil in a  
8 private school that provides special education services if such placement is  
9 prescribed in the pupil's individualized education program and the private  
10 school has been approved by the department of education division of special  
11 education pursuant to section 15-765, subsection D. THIS PLACEMENT IS NOT  
12 SUBJECT TO RULES ADOPTED BY THE STATE BOARD OF EDUCATION BEFORE NOVEMBER 24,  
13 2009 PURSUANT TO THIS SECTION. The rules for procurement of construction  
14 projects shall include provisions specifying that surety bonds furnished as  
15 bid security and performance and payment bonds shall be executed and  
16 furnished as required by title 34, chapter 2 or 6, as applicable. The rules  
17 shall specify the total cost of a procurement that is subject to invitations  
18 for bids, requests for proposals and requests for clarification, ~~-. The state~~  
19 ~~board shall not exceed~~ USING the aggregate dollar amount limits for  
20 procurements prescribed in section 41-2535.

21 2. The state board of education shall adopt rules for procurements  
22 involving construction not exceeding one hundred fifty thousand dollars,  
23 which shall be known as the simplified school construction procurement  
24 program. At a minimum, the rules for a simplified construction procurement  
25 program shall require that:

26 (a) A list be maintained by each county school superintendent of  
27 persons who desire to receive solicitations to bid on construction projects  
28 to which additions shall be permitted throughout the year.

29 (b) The list of persons be available for public inspection.

30 (c) A performance bond and a payment bond as required by this section  
31 be provided for contracts for construction by contractors.

32 (d) All bids for construction be opened at a public opening and the  
33 bids shall remain confidential until the public opening.

34 (e) All persons desiring to submit bids be treated equitably and the  
35 information related to each project be available to all eligible persons.

36 (f) Competition for construction projects under the simplified school  
37 construction procurement program be encouraged to the maximum extent  
38 possible. At a minimum, a school district shall submit information on each  
39 project to all persons listed with the county school superintendent by any  
40 school district within that county.

41 (g) A provision, covenant, clause or understanding in, collateral to  
42 or affecting a construction contract that makes the contract subject to the  
43 laws of another state or that requires any litigation, arbitration or other  
44 dispute resolution proceeding arising from the contract to be conducted in



1 another state is against this state's public policy and is void and  
2 unenforceable.

3 3. The state board of education shall adopt rules for the procurement  
4 of goods and information services by school districts and charter schools  
5 using electronic, online bidding. The rules adopted by the state board shall  
6 include the use of reverse auctions and shall be consistent with the  
7 procurement practices prescribed in title 41, chapter 23, article 13,  
8 modifying as necessary those provisions and the rules adopted pursuant to  
9 that article that the state board determines are not appropriate for school  
10 districts and charter schools. Until the rules are adopted, school districts  
11 and charter schools may procure goods and information services pursuant to  
12 title 41, chapter 23, article 13 using the rules adopted by the department of  
13 administration in implementing that article.

14 4. The auditor general shall review the proposed rules to determine  
15 whether the rules are consistent with the procurement practices prescribed in  
16 title 41, chapter 23 and any modifications are required to adapt the  
17 procedures for school districts.

18 5. If the auditor general approves the proposed rules, the auditor  
19 general shall notify the state board in writing and the state board shall  
20 adopt such rules.

21 6. If the auditor general objects to the proposed rules, the auditor  
22 general shall notify the state board of the objections in writing and the  
23 state board, in adopting the rules, shall conform the proposed rules to meet  
24 the objections of the auditor general or revise the proposed rules to which  
25 an objection has been made and submit the revisions to the auditor general  
26 for approval.

27 B. After the bids submitted in response to an invitation for bids are  
28 opened and the award is made or after the proposals or qualifications are  
29 submitted in response to a request for proposals or a request for  
30 qualifications and the award is made, the governing board shall make  
31 available for public inspection all information, all bids, proposals and  
32 qualifications submitted and all findings and other information considered in  
33 determining whose bid conforms to the invitation for bids and will be the  
34 most advantageous with respect to price, conformity to the specifications and  
35 other factors or whose proposal or qualifications are to be selected for the  
36 award. The invitation for bids, request for proposals or request for  
37 qualifications shall include a notice that all information and bids,  
38 proposals and qualifications submitted will be made available for public  
39 inspection. The rules adopted by the state board shall prohibit the use in  
40 connection with procurement of specifications in any way proprietary to one  
41 supplier unless the specification includes all of the following:

42 1. A statement of the reasons why no other specification is  
43 practicable.

44 2. A description of the essential characteristics of the specified  
45 product.

1           3. A statement specifically permitting an acceptable alternative  
2 product to be supplied.

3           C. No project or purchase may be divided or sequenced into separate  
4 projects or purchases in order to avoid the limits prescribed by the state  
5 board under subsection A of this section.

6           D. A contract for the procurement of construction or construction  
7 services shall include a provision that provides for negotiations between the  
8 school district and the contractor for the recovery of damages related to  
9 expenses incurred by the contractor for a delay for which the school district  
10 is responsible, which is unreasonable under the circumstances and which was  
11 not within the contemplation of the parties to the contract. This subsection  
12 shall not be construed to void any provision in the contract that requires  
13 notice of delays, provides for arbitration or other procedure for settlement  
14 or provides for liquidated damages.

15           E. The auditor general may conduct discretionary reviews,  
16 investigations and audits of the financial and operational procurement  
17 activities of school districts, nonexempt charter schools and school  
18 purchasing cooperatives. The auditor general has final review and approval  
19 authority over all school district, nonexempt charter school and school  
20 purchasing cooperative audit contracts and any audit reports issued in  
21 accordance with this section.

22           F. In addition to the requirements of sections 15-914 and 15-914.01,  
23 school districts, nonexempt charter schools and school purchasing  
24 cooperatives, in connection with any audit conducted by a certified public  
25 accountant, shall contract for a systematic review of purchasing practices  
26 using methodology consistent with sampling guidelines established by the  
27 auditor general. The auditor general shall consider cost when establishing  
28 guidelines pursuant to this subsection and to the extent possible shall  
29 attempt to minimize the cost of the review. The purpose of the review is to  
30 determine whether the school district, nonexempt charter school or school  
31 purchasing cooperative is in compliance with the procurement laws and  
32 applicable procurement rules of this state. A copy of the review shall be  
33 submitted on completion to the auditor general. The auditor general may  
34 conduct discretionary reviews of school districts, nonexempt charter schools  
35 and school purchasing cooperatives not required to contract for independent  
36 audits.

37           G. The attorney general or county attorney has jurisdiction to enforce  
38 this section. The attorney general or county attorney may seek relief for  
39 any violation of this section through an appropriate civil or criminal action  
40 in superior court, including an action to enjoin a threatened or pending  
41 violation of this section and including an action to enforce compliance with  
42 any request for documents made by the auditor general pursuant to this  
43 section.

44           H. The department of education shall enact policies and procedures for  
45 the acceptance and disposition of complaints from the public regarding school

1 procurement practices and shall forward all school procurement complaints to  
2 the attorney general. **NOTWITHSTANDING RULES ADOPTED BY THE STATE BOARD,**  
3 **SCHOOL DISTRICTS SHALL NOT BE REQUIRED TO PREPARE OR SUBMIT AN ANNUAL REPORT**  
4 **ON THE BENEFITS ASSOCIATED WITH THE USE OF CONSTRUCTION-MANAGER-AT-RISK,**  
5 **DESIGN-BUILD, QUALIFIED SELECT BIDDERS LIST AND JOB-ORDER-CONTRACTING**  
6 **METHODS.**

7 I. The state board of education shall adopt, and the auditor general  
8 shall review, rules authorizing school districts to procure construction  
9 services by construction-manager-at-risk, design-build, qualified select  
10 bidders list and job-order-contracting methods of project delivery.

11 J. A school district or charter school may evaluate United States  
12 general services administration contracts for materials and services. The  
13 governing board or governing body may authorize purchases under a current  
14 contract for materials or services without complying with the requirements of  
15 the procurement rules adopted by the state board of education if the  
16 governing board or governing body determines in writing that all of the  
17 following apply:

18 1. The price for materials or services is equal to or less than the  
19 contractor's current federal supply contract price with the general services  
20 administration.

21 2. The contractor has indicated in writing that the contractor is  
22 willing to extend the current federal supply contract pricing, terms and  
23 conditions to the school district or charter school.

24 3. The purchase order adequately identifies the federal supply  
25 contract on which the order is based.

26 4. The purchase contract is cost effective and is in the best  
27 interests of the school district or charter school.

28 K. For the purposes of this section:

29 1. "Nonexempt charter school" means a charter school that is not  
30 exempted from procurement laws pursuant to section 15-183, subsection E,  
31 paragraph 6.

32 2. "School purchasing cooperative" means an entity engaged in  
33 cooperative purchasing as defined in section 41-2631.

34 3. "Total cost" means the cost of all materials and services,  
35 including the cost of labor performed by employees of the school district,  
36 for all construction as provided in subsection A of this section.

37 Sec. 7. Section 15-301, Arizona Revised Statutes, is amended to read:

38 **15-301. Office of county school superintendent; qualifications;**  
39 **travel expenses**

40 A. A person is eligible for election as county school superintendent  
41 if the person holds a basic or standard certificate to teach in the schools  
42 of this state.

43 B. In addition to the salary allowed by law, the county school  
44 superintendent is eligible for reimbursement of travel expenses.

1 C. The office of county school superintendent is designated as a local  
2 education ~~service~~ agency for the purpose of serving as an education service  
3 agency that is eligible to receive and spend local, state and federal monies  
4 to provide programs and services to school districts and charter schools  
5 within that county.

6 D. The office of county school superintendent shall be under the  
7 jurisdiction of the elected county school superintendent.

8 Sec. 8. Section 15-341, Arizona Revised Statutes, is amended to read:  
9 15-341. General powers and duties; immunity; delegation

10 A. The governing board shall:

11 1. Prescribe and enforce policies and procedures for the governance of  
12 the schools, not inconsistent with law or rules prescribed by the state board  
13 of education.

14 2. Exclude from schools all books, publications, papers or audiovisual  
15 materials of a sectarian, partisan or denominational character.

16 3. Manage and control the school property within its district.

17 4. Acquire school furniture, apparatus, equipment, library books and  
18 supplies for the use of the schools.

19 5. Prescribe the curricula and criteria for the promotion and  
20 graduation of pupils as provided in sections 15-701 and 15-701.01.

21 6. Furnish, repair and insure, at full insurable value, the school  
22 property of the district.

23 7. Construct school buildings on approval by a vote of the district  
24 electors.

25 8. Make in the name of the district conveyances of property belonging  
26 to the district and sold by the board.

27 9. Purchase school sites when authorized by a vote of the district at  
28 an election conducted as nearly as practicable in the same manner as the  
29 election provided in section 15-481 and held on a date prescribed in section  
30 15-491, subsection E, but such authorization shall not necessarily specify  
31 the site to be purchased and such authorization shall not be necessary to  
32 exchange unimproved property as provided in section 15-342, paragraph 23.

33 10. Construct, improve and furnish buildings used for school purposes  
34 when such buildings or premises are leased from the national park service.

35 11. Purchase school sites or construct, improve and furnish school  
36 buildings from the proceeds of the sale of school property only on approval  
37 by a vote of the district electors.

38 12. Hold pupils to strict account for disorderly conduct on school  
39 property.

40 13. Discipline students for disorderly conduct on the way to and from  
41 school.

42 14. Except as provided in section 15-1224, deposit all monies received  
43 by the district as gifts, grants and devises with the county treasurer who  
44 shall credit the deposits as designated in the uniform system of financial  
45 records. If not inconsistent with the terms of the gifts, grants and devises

1 given, any balance remaining after expenditures for the intended purpose of  
2 the monies have been made shall be used for reduction of school district  
3 taxes for the budget year, except that in the case of accommodation schools  
4 the county treasurer shall carry the balance forward for use by the county  
5 school superintendent for accommodation schools for the budget year.

6 15. Provide that, if a parent or legal guardian chooses not to accept a  
7 decision of the teacher as provided in section 15-521, paragraph 2, the  
8 parent or legal guardian may request in writing that the governing board  
9 review the teacher's decision. Nothing in this paragraph shall be construed  
10 to release school districts from any liability relating to a child's  
11 promotion or retention.

12 16. Provide for adequate supervision over pupils in instructional and  
13 noninstructional activities by certificated or noncertificated personnel.

14 17. Use school monies received from the state and county school  
15 apportionment exclusively for payment of salaries of teachers and other  
16 employees and contingent expenses of the district.

17 18. Make an annual report to the county school superintendent on or  
18 before October 1 in the manner and form and on the blanks prescribed by the  
19 superintendent of public instruction or county school superintendent. The  
20 board shall also make reports directly to the county school superintendent or  
21 the superintendent of public instruction whenever required.

22 19. Deposit all monies received by school districts other than student  
23 activities monies or monies from auxiliary operations as provided in sections  
24 15-1125 and 15-1126 with the county treasurer to the credit of the school  
25 district except as provided in paragraph 20 of this subsection and sections  
26 15-1223 and 15-1224, and the board shall expend the monies as provided by law  
27 for other school funds.

28 20. Establish ~~a~~ bank ~~account~~ ACCOUNTS in which the board during a  
29 month may deposit miscellaneous monies received directly by the district.  
30 The board shall remit monies deposited in the bank ~~account~~ ACCOUNTS at least  
31 monthly to the county treasurer for deposit as provided in paragraph 19 of  
32 this subsection and in accordance with the uniform system of financial  
33 records.

34 21. Prescribe and enforce policies and procedures for disciplinary  
35 action against a teacher who engages in conduct that is a violation of the  
36 policies of the governing board but that is not cause for dismissal of the  
37 teacher or for revocation of the certificate of the teacher. Disciplinary  
38 action may include suspension without pay for a period of time not to exceed  
39 ten school days. Disciplinary action shall not include suspension with pay  
40 or suspension without pay for a period of time longer than ten school days.  
41 The procedures shall include notice, hearing and appeal provisions for  
42 violations that are cause for disciplinary action. The governing board may  
43 designate a person or persons to act on behalf of the board on these matters.

44 22. Prescribe and enforce policies and procedures for disciplinary  
45 action against an administrator who engages in conduct that is a violation of

1 the policies of the governing board regarding duties of administrators but  
2 that is not cause for dismissal of the administrator or for revocation of the  
3 certificate of the administrator. Disciplinary action may include suspension  
4 without pay for a period of time not to exceed ten school days. Disciplinary  
5 action shall not include suspension with pay or suspension without pay for a  
6 period of time longer than ten school days. The procedures shall include  
7 notice, hearing and appeal provisions for violations that are cause for  
8 disciplinary action. The governing board may designate a person or persons  
9 to act on behalf of the board on these matters. For violations that are  
10 cause for dismissal, the provisions of notice, hearing and appeal in chapter  
11 5, article 3 of this title shall apply. The filing of a timely request for a  
12 hearing suspends the imposition of a suspension without pay or a dismissal  
13 pending completion of the hearing.

14 23. Notwithstanding section 13-3108, prescribe and enforce policies and  
15 procedures that prohibit a person from carrying or possessing a weapon on  
16 school grounds unless the person is a peace officer or has obtained specific  
17 authorization from the school administrator.

18 24. Prescribe and enforce policies and procedures relating to the  
19 health and safety of all pupils participating in district sponsored practice  
20 sessions, games or other interscholastic athletic activities, including the  
21 provision of water.

22 25. Prescribe and enforce policies and procedures regarding the smoking  
23 of tobacco within school buildings. The policies and procedures shall be  
24 adopted in consultation with school district personnel and members of the  
25 community and shall state whether smoking is prohibited in school buildings.  
26 If smoking in school buildings is not prohibited, the policies and procedures  
27 shall clearly state the conditions and circumstances under which smoking is  
28 permitted, those areas in a school building that may be designated as smoking  
29 areas and those areas in a school building that may not be designated as  
30 smoking areas.

31 26. Establish an assessment, data gathering and reporting system as  
32 prescribed in chapter 7, article 3 of this title.

33 27. Provide special education programs and related services pursuant to  
34 section 15-764, subsection A to all children with disabilities as defined in  
35 section 15-761.

36 28. Administer competency tests prescribed by the state board of  
37 education for the graduation of pupils from high school.

38 29. Ensure that insurance coverage is secured for all construction  
39 projects for purposes of general liability, property damage and workers'  
40 compensation and secure performance and payment bonds for all construction  
41 projects.

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

1 parents and guardians of the availability of the resume information and shall  
2 make the resume information available for inspection on request of parents  
3 and guardians of pupils enrolled at a school. Nothing in this paragraph  
4 shall be construed to require any school to release personally identifiable  
5 information in relation to any teacher or employee, including the teacher's  
6 or employee's address, salary, social security number or telephone number.

7 31. Report to local law enforcement agencies any suspected crime  
8 against a person or property that is a serious offense as defined in section  
9 13-706 or that involves a deadly weapon or dangerous instrument or serious  
10 physical injury and any conduct that poses a threat of death or serious  
11 physical injury to employees, students or anyone on the property of the  
12 school. This paragraph does not limit or preclude the reporting by a school  
13 district or an employee of a school district of suspected crimes other than  
14 those required to be reported by this paragraph. For the purposes of this  
15 paragraph, "dangerous instrument", "deadly weapon" and "serious physical  
16 injury" have the same meanings prescribed in section 13-105.

17 32. In conjunction with local law enforcement agencies and local  
18 medical facilities, develop an emergency response plan for each school in the  
19 school district in accordance with minimum standards developed jointly by the  
20 department of education and the division of emergency management within the  
21 department of emergency and military affairs.

22 33. Provide written notice to the parents or guardians of all students  
23 affected in the school district at least thirty days prior to a public  
24 meeting to discuss closing a school within the school district. The notice  
25 shall include the reasons for the proposed closure and the time and place of  
26 the meeting. The governing board shall fix a time for a public meeting on  
27 the proposed closure no less than thirty days before voting in a public  
28 meeting to close the school. The school district governing board shall give  
29 notice of the time and place of the meeting. At the time and place  
30 designated in the notice, the school district governing board shall hear  
31 reasons for or against closing the school. The school district governing  
32 board is exempt from this paragraph if it is determined by the governing  
33 board that the school shall be closed because it poses a danger to the health  
34 or safety of the pupils or employees of the school.

35 34. Incorporate instruction on Native American history into appropriate  
36 existing curricula.

37 35. Prescribe and enforce policies and procedures allowing pupils who  
38 have been diagnosed with anaphylaxis by a health care provider licensed  
39 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse  
40 practitioner licensed and certified pursuant to title 32, chapter 15 to carry  
41 and self-administer emergency medications, including auto-injectable  
42 epinephrine, while at school and at school sponsored activities. The pupil's  
43 name on the prescription label on the medication container or on the  
44 medication device and annual written documentation from the pupil's parent or  
45 guardian to the school that authorizes possession and self-administration is

1 sufficient proof that the pupil is entitled to the possession and  
2 self-administration of the medication. The policies shall require a pupil  
3 who uses auto-injectable epinephrine while at school and at school sponsored  
4 activities to notify the nurse or the designated school staff person of the  
5 use of the medication as soon as practicable. A school district and its  
6 employees are immune from civil liability with respect to all decisions made  
7 and actions taken that are based on good faith implementation of the  
8 requirements of this paragraph, except in cases of wanton or wilful neglect.

9 36. Allow the possession and self-administration of prescription  
10 medication for breathing disorders in handheld inhaler devices by pupils who  
11 have been prescribed that medication by a health care professional licensed  
12 pursuant to title 32. The pupil's name on the prescription label on the  
13 medication container or on the handheld inhaler device and annual written  
14 documentation from the pupil's parent or guardian to the school that  
15 authorizes possession and self-administration shall be sufficient proof that  
16 the pupil is entitled to the possession and self-administration of the  
17 medication. A school district and its employees are immune from civil  
18 liability with respect to all decisions made and actions taken that are based  
19 on a good faith implementation of the requirements of this paragraph.

20 37. Prescribe and enforce policies and procedures to prohibit pupils  
21 from harassing, intimidating and bullying other pupils on school grounds, on  
22 school property, on school buses, at school bus stops and at school sponsored  
23 events and activities that include the following components:

24 (a) A procedure for pupils to confidentially report to school  
25 officials incidents of harassment, intimidation or bullying.

26 (b) A procedure for parents and guardians of pupils to submit written  
27 reports to school officials of suspected incidents of harassment,  
28 intimidation or bullying.

29 (c) A requirement that school district employees report suspected  
30 incidents of harassment, intimidation or bullying to the appropriate school  
31 official.

32 (d) A formal process for the documentation of reported incidents of  
33 harassment, intimidation or bullying and for the confidentiality, maintenance  
34 and disposition of this documentation. If a school maintains documentation  
35 of reported incidents of harassment, intimidation or bullying, the school  
36 shall not use that documentation to impose disciplinary action unless the  
37 appropriate school official has investigated and determined that the reported  
38 incidents of harassment, intimidation or bullying occurred.

39 (e) A formal process for the investigation by the appropriate school  
40 officials of suspected incidents of harassment, intimidation or bullying.

41 (f) Disciplinary procedures for pupils who have admitted or been found  
42 to have committed incidents of harassment, intimidation or bullying.



1 (g) A procedure that sets forth consequences for submitting false  
2 reports of incidents of harassment, intimidation or bullying.

3 38. Prescribe and enforce policies and procedures regarding changing or  
4 adopting attendance boundaries that include the following components:

5 (a) A procedure for holding public meetings to discuss attendance  
6 boundary changes or adoptions that allows public comments.

7 (b) A procedure to notify the parents or guardians of the students  
8 affected.

9 (c) A procedure to notify the residents of the households affected by  
10 the attendance boundary changes.

11 (d) A process for placing public meeting notices and proposed maps on  
12 the school district's website for public review, if the school district  
13 maintains a website.

14 (e) A formal process for presenting the attendance boundaries of the  
15 affected area in public meetings that allows public comments.

16 (f) A formal process for notifying the residents and parents or  
17 guardians of the affected area as to the decision of the governing board on  
18 the school district's website, if the school district maintains a website.

19 (g) A formal process for updating attendance boundaries on the school  
20 district's website within ninety days of an adopted boundary change. The  
21 school district shall send a direct link to the school district's attendance  
22 boundaries website to the department of real estate.

23 (h) If the land that a school was built on was donated within the past  
24 five years, a formal process to notify the entity that donated the land  
25 affected by the decision of the governing board.

26 39. If the state board of education determines that the school district  
27 has committed an overexpenditure as defined in section 15-107, provide a copy  
28 of the fiscal management report submitted pursuant to section 15-107,  
29 subsection H on its website and make copies available to the public on  
30 request. The school district shall comply with a request within five  
31 business days after receipt.

32 B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this  
33 section, the county school superintendent may construct, improve and furnish  
34 school buildings or purchase or sell school sites in the conduct of an  
35 accommodation school.

36 C. If any school district acquires real or personal property, whether  
37 by purchase, exchange, condemnation, gift or otherwise, the governing board  
38 shall pay to the county treasurer any taxes on the property that were unpaid  
39 as of the date of acquisition, including penalties and interest. The lien  
40 for unpaid delinquent taxes, penalties and interest on property acquired by a  
41 school district:

42 1. Is not abated, extinguished, discharged or merged in the title to  
43 the property.

1           2. Is enforceable in the same manner as other delinquent tax liens.

2           D. The governing board may not locate a school on property that is  
3 less than one-fourth mile from agricultural land regulated pursuant to  
4 section 3-365, except that the owner of the agricultural land may agree to  
5 comply with the buffer zone requirements of section 3-365. If the owner  
6 agrees in writing to comply with the buffer zone requirements and records the  
7 agreement in the office of the county recorder as a restrictive covenant  
8 running with the title to the land, the school district may locate a school  
9 within the affected buffer zone. The agreement may include any stipulations  
10 regarding the school, including conditions for future expansion of the school  
11 and changes in the operational status of the school that will result in a  
12 breach of the agreement.

13           E. A school district, its governing board members, its school council  
14 members and its employees are immune from civil liability for the  
15 consequences of adoption and implementation of policies and procedures  
16 pursuant to subsection A of this section and section 15-342. This waiver  
17 does not apply if the school district, its governing board members, its  
18 school council members or its employees are guilty of gross negligence or  
19 intentional misconduct.

20           F. A governing board may delegate in writing to a superintendent,  
21 principal or head teacher the authority to prescribe procedures that are  
22 consistent with the governing board's policies.

23           G. Notwithstanding any other provision of this title, a school  
24 district governing board shall not take any action that would result in a  
25 reduction of pupil square footage unless the governing board notifies the  
26 school facilities board established by section 15-2001 of the proposed action  
27 and receives written approval from the school facilities board to take the  
28 action. A reduction includes an increase in administrative space that  
29 results in a reduction of pupil square footage or sale of school sites or  
30 buildings, or both. A reduction includes a reconfiguration of grades that  
31 results in a reduction of pupil square footage of any grade level. This  
32 subsection does not apply to temporary reconfiguration of grades to  
33 accommodate new school construction if the temporary reconfiguration does not  
34 exceed one year. The sale of equipment that results in a reduction that  
35 falls below the equipment requirements prescribed in section 15-2011,  
36 subsection B is subject to commensurate withholding of school district  
37 capital outlay revenue limit monies pursuant to the direction of the school  
38 facilities board. Except as provided in section 15-342, paragraph 10,  
39 proceeds from the sale of school sites, buildings or other equipment shall be  
40 deposited in the school plant fund as provided in section 15-1102.

41           H. Subsections C through G of this section apply to a county board of  
42 supervisors and a county school superintendent when operating and  
43 administering an accommodation school.

1           Sec. 9. Section 15-342, Arizona Revised Statutes, as amended by Laws  
2 2009, first regular session, chapter 14, section 2 and chapter 101, section 3  
3 and Laws 2009, third special session, chapter 12, section 10, is amended to  
4 read:

5           15-342. Discretionary powers

6           The governing board may:

- 7           1. Expel pupils for misconduct.
- 8           2. Exclude from grades one through eight children under six years of  
9 age.
- 10          3. Make such separation of groups of pupils as it deems advisable.
- 11          4. Maintain such special schools during vacation as deemed necessary  
12 for the benefit of the pupils of the school district.
- 13          5. Permit a superintendent or principal or representatives of the  
14 superintendent or principal to travel for a school purpose, as determined by  
15 a majority vote of the board. The board may permit members and members-elect  
16 of the board to travel within or without the school district for a school  
17 purpose and receive reimbursement. Any expenditure for travel and  
18 subsistence pursuant to this paragraph shall be as provided in title 38,  
19 chapter 4, article 2. The designated post of duty referred to in section  
20 38-621 shall be construed, for school district governing board members, to be  
21 the member's actual place of residence, as opposed to the school district  
22 office or the school district boundaries. Such expenditures shall be a  
23 charge against the budgeted school district funds. The governing board of a  
24 school district shall prescribe procedures and amounts for reimbursement of  
25 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
26 maximum amounts established pursuant to section 38-624, subsection C.
- 27          6. Construct or provide in rural districts housing facilities for  
28 teachers and other school employees which the board determines are necessary  
29 for the operation of the school.
- 30          7. Sell or lease to the state, a county, a city or a tribal government  
31 agency any school property required for a public purpose, provided the sale  
32 or lease of the property will not affect the normal operations of a school  
33 within the school district.
- 34          8. Annually budget and expend funds for membership in an association  
35 of school districts within this state.
- 36          9. Enter into leases or lease-purchase agreements for school buildings  
37 or grounds, or both, as lessor or as lessee, for periods of less than five  
38 years subject to voter approval for construction of school buildings as  
39 prescribed in section 15-341, subsection A, paragraph 7.
- 40          10. Subject to chapter 16 of this title, sell school sites or enter  
41 into leases or lease-purchase agreements for school buildings and grounds, as  
42 lessor or as lessee, for a period of five years or more, but not to exceed  
43 ninety-nine years, if authorized by a vote of the school district electors in  
44 an election called by the governing board as provided in section 15-491,

1 except that authorization by the school district electors in an election is  
2 not required if one of the following requirements is met:

3 (a) The market value of the school property is less than fifty  
4 thousand dollars or the property is procured through an energy performance  
5 contract, which among other items includes a renewable energy power service  
6 agreement, or a simplified energy performance contract pursuant to section  
7 15-213.01.

8 (b) The buildings and sites are completely funded with monies  
9 distributed by the school facilities board.

10 (c) The transaction involves the sale of improved or unimproved  
11 property pursuant to an agreement with the school facilities board in which  
12 the school district agrees to sell the improved or unimproved property and  
13 transfer the proceeds of the sale to the school facilities board in exchange  
14 for monies from the school facilities board for the acquisition of a more  
15 suitable school site. For a sale of property acquired by a school district  
16 prior to July 9, 1998, a school district shall transfer to the school  
17 facilities board that portion of the proceeds that equals the cost of the  
18 acquisition of a more suitable school site. If there are any remaining  
19 proceeds after the transfer of monies to the school facilities board, a  
20 school district shall only use those remaining proceeds for future land  
21 purchases approved by the school facilities board, or for capital  
22 improvements not funded by the school facilities board for any existing or  
23 future facility.

24 (d) The transaction involves the sale of improved or unimproved  
25 property pursuant to a formally adopted plan and the school district uses the  
26 proceeds of this sale to purchase other property that will be used for  
27 similar purposes as the property that was originally sold, provided that the  
28 sale proceeds of the improved or unimproved property are used within two  
29 years after the date of the original sale to purchase the replacement  
30 property. If the sale proceeds of the improved or unimproved property are  
31 not used within two years after the date of the original sale to purchase  
32 replacement property, the sale proceeds shall be used towards payment of any  
33 outstanding bonded indebtedness. If any sale proceeds remain after paying  
34 for outstanding bonded indebtedness, or if the district has no outstanding  
35 bonded indebtedness, sale proceeds shall be used to reduce the district's  
36 primary tax levy. A school district shall not use this subdivision unless  
37 all of the following conditions exist:

38 (i) The school district is the sole owner of the improved or  
39 unimproved property that the school district intends to sell.

40 (ii) The school district did not purchase the improved or unimproved  
41 property that the school district intends to sell with monies that were  
42 distributed pursuant to chapter 16 of this title.

43 (iii) The transaction does not violate section 15-341, subsection G.

44 11. Review the decision of a teacher to promote a pupil to a grade or  
45 retain a pupil in a grade in a common school or to pass or fail a pupil in a

1 course in high school. The pupil has the burden of proof to overturn the  
2 decision of a teacher to promote, retain, pass or fail the pupil. In order  
3 to sustain the burden of proof, the pupil shall demonstrate to the governing  
4 board that the pupil has mastered the academic standards adopted by the state  
5 board of education pursuant to sections 15-701 and 15-701.01. If the  
6 governing board overturns the decision of a teacher pursuant to this  
7 paragraph, the governing board shall adopt a written finding that the pupil  
8 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
9 article 3.1, the governing board shall review the decision of a teacher to  
10 promote a pupil to a grade or retain a pupil in a grade in a common school or  
11 to pass or fail a pupil in a course in high school in executive session  
12 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
13 disagrees that the review should be conducted in executive session and then  
14 the review shall be conducted in an open meeting. If the review is conducted  
15 in executive session, the board shall notify the teacher of the date, time  
16 and place of the review and shall allow the teacher to be present at the  
17 review. If the teacher is not present at the review, the board shall consult  
18 with the teacher before making its decision. Any request, including the  
19 written request as provided in section 15-341, the written evidence presented  
20 at the review and the written record of the review, including the decision of  
21 the governing board to accept or reject the teacher's decision, shall be  
22 retained by the governing board as part of its permanent records.

23 12. Provide transportation or site transportation loading and unloading  
24 areas for any child or children if deemed for the best interest of the  
25 district, whether within or without the district, county or state.

26 13. Enter into intergovernmental agreements and contracts with school  
27 districts or other governing bodies as provided in section 11-952.  
28 Intergovernmental agreements and contracts between school districts or  
29 between a school district and other governing bodies as provided in section  
30 11-952 are exempt from competitive bidding under the procurement rules  
31 adopted by the state board of education pursuant to section 15-213.

32 14. Include in the curricula which it prescribes for high schools in  
33 the school district career and technical education, vocational education and  
34 technology education programs and career and technical, vocational and  
35 technology program improvement services for the high schools, subject to  
36 approval by the state board of education. The governing board may contract  
37 for the provision of career and technical, vocational and technology  
38 education as provided in section 15-789.

39 15. Suspend a teacher or administrator from the teacher's or  
40 administrator's duties without pay for a period of time of not to exceed ten  
41 school days, if the board determines that suspension is warranted pursuant to  
42 section 15-341, subsection A, paragraphs 21 and 22.

43 16. Dedicate school property within an incorporated city or town to  
44 such city or town or within a county to that county for use as a public  
45 right-of-way if both of the following apply:

1 (a) Pursuant to an ordinance adopted by such city, town or county,  
2 there will be conferred upon the school district privileges and benefits  
3 which may include benefits related to zoning.

4 (b) The dedication will not affect the normal operation of any school  
5 within the district.

6 17. Enter into option agreements for the purchase of school sites.

7 18. Donate surplus or outdated learning materials to nonprofit  
8 community organizations where the governing board determines that the  
9 anticipated cost of selling the learning materials equals or exceeds the  
10 estimated market value of the materials.

11 19. Prescribe policies for the assessment of reasonable fees for  
12 students to use district-provided parking facilities. The fees are to be  
13 applied by the district solely against costs incurred in operating or  
14 securing the parking facilities. Any policy adopted by the governing board  
15 pursuant to this paragraph shall include a fee waiver provision in  
16 appropriate cases of need or economic hardship.

17 20. Establish alternative educational programs that are consistent with  
18 the laws of this state to educate pupils, including pupils who have been  
19 reassigned pursuant to section 15-841, subsection E or F.

20 21. Require a period of silence to be observed at the commencement of  
21 the first class of the day in the schools. If a governing board chooses to  
22 require a period of silence to be observed, the teacher in charge of the room  
23 in which the first class is held shall announce that a period of silence not  
24 to exceed one minute in duration will be observed for meditation, and during  
25 that time no activities shall take place and silence shall be maintained.

26 22. Require students to wear uniforms.

27 23. Exchange unimproved property or improved property, including school  
28 sites, where the governing board determines that the improved property is  
29 unnecessary for the continued operation of the school district without  
30 requesting authorization by a vote of the school district electors if the  
31 governing board determines that the exchange is necessary to protect the  
32 health, safety or welfare of pupils or when the governing board determines  
33 that the exchange is based on sound business principles for either:

34 (a) Unimproved or improved property of equal or greater value.

35 (b) Unimproved property that the owner contracts to improve if the  
36 value of the property ultimately received by the school district is of equal  
37 or greater value.

38 24. For common and high school pupils, assess reasonable fees for  
39 optional extracurricular activities and programs conducted when the common or  
40 high school is not in session, except that no fees shall be charged for  
41 pupils' access to or use of computers or related materials. For high school  
42 pupils, the governing board may assess reasonable fees for fine arts and  
43 vocational education courses and for optional services, equipment and  
44 materials offered to the pupils beyond those required to successfully  
45 complete the basic requirements of any other course, except that no fees

1 shall be charged for pupils' access to or use of computers or related  
2 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
3 public meeting after notice has been given to all parents of pupils enrolled  
4 at schools in the district and shall not exceed the actual costs of the  
5 activities, programs, services, equipment or materials. The governing board  
6 shall authorize principals to waive the assessment of all or part of a fee  
7 assessed pursuant to this paragraph if it creates an economic hardship for a  
8 pupil. For the purposes of this paragraph, "extracurricular activity" means  
9 any optional, noncredit, educational or recreational activity which  
10 supplements the education program of the school, whether offered before,  
11 during or after regular school hours.

12 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and 9,  
13 construct school buildings and purchase or lease school sites, without a vote  
14 of the school district electors, if the buildings and sites are totally  
15 funded from one or more of the following:

16 (a) Monies in the unrestricted capital outlay fund, except that the  
17 estimated cost shall not exceed two hundred fifty thousand dollars for a  
18 district that utilizes section 15-949.

19 (b) Monies distributed from the school facilities board established by  
20 section 15-2001.

21 (c) Monies specifically donated for the purpose of constructing school  
22 buildings.

23 Nothing in this paragraph shall be construed to eliminate the requirement for  
24 an election to raise revenues for a capital outlay override pursuant to  
25 section 15-481 or a bond election pursuant to section 15-491.

26 26. Conduct a background investigation that includes a fingerprint  
27 check conducted pursuant to section 41-1750, subsection G for certificated  
28 personnel and personnel who are not paid employees of the school district, as  
29 a condition of employment. A school district may release the results of a  
30 background check to another school district for employment purposes. The  
31 school district may charge the costs of fingerprint checks to its  
32 fingerprinted employee, except that the school district may not charge the  
33 costs of fingerprint checks for personnel who are not paid employees of the  
34 school district.

35 27. ~~UNLESS OTHERWISE PROHIBITED BY LAW, sell advertising space on the~~  
36 ~~exterior of school buses and on athletic facilities~~ as follows:

37 (a) Advertisements shall be age appropriate and not contain promotion  
38 of any substance that is illegal for minors such as alcohol, tobacco and  
39 drugs or gambling. Advertisements shall comply with the state sex education  
40 policy of abstinence.

41 (b) Advertising approved by the governing board **FOR THE EXTERIOR OF**  
42 **SCHOOL BUSES** may appear only on the sides of the bus in the following areas:

43 (i) The signs shall be below the seat level rub rail and not extend  
44 above the bottom of the side windows.

1 (ii) The signs shall be at least three inches from any required  
2 lettering, lamp, wheel well or reflector behind the service door or stop  
3 signal arm.

4 (iii) The signs shall not extend from the body of the bus so as to  
5 allow a handhold or present a danger to pedestrians.

6 (iv) The signs shall not interfere with the operation of any door or  
7 window.

8 (v) The signs shall not be placed on any emergency doors.

9 (c) The school district shall establish an advertisement fund that is  
10 composed of revenues from the sale of advertising ~~space on school buses and~~  
11 ~~athletic facilities~~. The monies in an advertisement fund are not subject to  
12 reversion.

13 28. Assess reasonable damage deposits to pupils in grades seven through  
14 twelve for the use of textbooks, musical instruments, band uniforms or other  
15 equipment required for academic courses. The governing board shall adopt  
16 policies on any damage deposits assessed pursuant to this paragraph at a  
17 public meeting called for this purpose after providing notice to all parents  
18 of pupils in grades seven through twelve in the school district. Principals  
19 of individual schools within the district may waive the damage deposit  
20 requirement for any textbook or other item if the payment of the damage  
21 deposit would create an economic hardship for the pupil. The school district  
22 shall return the full amount of the damage deposit for any textbook or other  
23 item if the pupil returns the textbook or other item in reasonably good  
24 condition within the time period prescribed by the governing board. For the  
25 purposes of this paragraph, "in reasonably good condition" means the textbook  
26 or other item is in the same or a similar condition as it was when the pupil  
27 received it, plus ordinary wear and tear.

28 29. Notwithstanding section 15-1105, expend surplus monies in the civic  
29 center school fund for maintenance and operations or unrestricted capital  
30 outlay, if sufficient monies are available in the fund after meeting the  
31 needs of programs established pursuant to section 15-1105.

32 30. Notwithstanding section 15-1143, expend surplus monies in the  
33 community school program fund for maintenance and operations or unrestricted  
34 capital outlay, if sufficient monies are available in the fund after meeting  
35 the needs of programs established pursuant to section 15-1142.

36 31. Adopt guidelines for standardization of the format of the school  
37 report cards required by section 15-746 for schools within the district.

38 32. Adopt policies that require parental notification when a law  
39 enforcement officer interviews a pupil on school grounds. Policies adopted  
40 pursuant to this paragraph shall not impede a peace officer from the  
41 performance of the peace officer's duties. If the school district governing  
42 board adopts a policy that requires parental notification:

43 (a) The policy may provide reasonable exceptions to the parental  
44 notification requirement.



1 (b) The policy shall set forth whether and under what circumstances a  
2 parent may be present when a law enforcement officer interviews the pupil,  
3 including reasonable exceptions to the circumstances under which a parent may  
4 be present when a law enforcement officer interviews the pupil, and shall  
5 specify a reasonable maximum time after a parent is notified that an  
6 interview of a pupil by a law enforcement officer may be delayed to allow the  
7 parent to be present.

8 33. Enter into voluntary partnerships with any party to finance with  
9 funds other than school district funds and cooperatively design school  
10 facilities that comply with the adequacy standards prescribed in section  
11 15-2011 and the square footage per pupil requirements pursuant to section  
12 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
13 location of any such school facility shall be submitted to the school  
14 facilities board for approval pursuant to section 15-2041, subsection 0. If  
15 the school facilities board approves the design plans and location of any  
16 such school facility, the party in partnership with the school district may  
17 cause to be constructed and the district may begin operating the school  
18 facility before monies are distributed from the school facilities board  
19 pursuant to section 15-2041. Monies distributed from the new school  
20 facilities fund to a school district in a partnership with another party to  
21 finance and design the school facility shall be paid to the school district  
22 pursuant to section 15-2041. The school district shall reimburse the party  
23 in partnership with the school district from the monies paid to the school  
24 district pursuant to section 15-2041, in accordance with the voluntary  
25 partnership agreement. Before the school facilities board distributes any  
26 monies pursuant to this subsection, the school district shall demonstrate to  
27 the school facilities board that the facilities to be funded pursuant to  
28 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
29 in section 15-2011. If the cost to construct the school facility exceeds the  
30 amount that the school district receives from the new school facilities fund,  
31 the partnership agreement between the school district and the other party  
32 shall specify that, except as otherwise provided by the other party, any such  
33 excess costs shall be the responsibility of the school district. The school  
34 district governing board shall adopt a resolution in a public meeting that an  
35 analysis has been conducted on the prospective effects of the decision to  
36 operate a new school with existing monies from the school district's  
37 maintenance and operations budget and how this decision may affect other  
38 schools in the school district. If a school district acquires land by  
39 donation at an appropriate school site approved by the school facilities  
40 board and a school facility is financed and built on the land pursuant to  
41 this paragraph, the school facilities board shall distribute an amount equal  
42 to twenty per cent of the fair market value of the land that can be used for  
43 academic purposes. The school district shall place the monies in the  
44 unrestricted capital outlay fund and increase the unrestricted capital budget  
45 limit by the amount of the monies placed in the fund. Monies distributed

1 under this paragraph shall be distributed from the new school facilities fund  
2 pursuant to section 15-2041. If a school district acquires land by donation  
3 at an appropriate school site approved by the school facilities board and a  
4 school facility is financed and built on the land pursuant to this paragraph,  
5 the school district shall not receive monies from the school facilities board  
6 for the donation of real property pursuant to section 15-2041, subsection F.  
7 It is unlawful for:

8 (a) A county, city or town to require as a condition of any land use  
9 approval that a landowner or landowners that entered into a partnership  
10 pursuant to this paragraph provide any contribution, donation or gift, other  
11 than a site donation, to a school district. This subdivision only applies to  
12 the property in the voluntary partnership agreement pursuant to this  
13 paragraph.

14 (b) A county, city or town to require as a condition of any land use  
15 approval that the landowner or landowners located within the geographic  
16 boundaries of the school subject to the voluntary partnership pursuant to  
17 this paragraph provide any donation or gift to the school district except as  
18 provided in the voluntary partnership agreement pursuant to this paragraph.

19 (c) A community facilities district established pursuant to title 48,  
20 chapter 4, article 6 to be used for reimbursement of financing the  
21 construction of a school pursuant to this paragraph.

22 (d) A school district to enter into an agreement pursuant to this  
23 paragraph with any party other than a master planned community party. Any  
24 land area consisting of at least three hundred twenty acres that is the  
25 subject of a development agreement with a county, city or town entered into  
26 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
27 planned community. For the purposes of this subdivision, "master planned  
28 community" means a land area consisting of at least three hundred twenty  
29 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
30 approved by the governing body of the county, city or town in which the land  
31 is located that establishes the use of the land area as a planned area  
32 development or district, planned community development or district, planned  
33 unit development or district or other land use category or district that is  
34 recognized in the local ordinance of such county, city or town and that  
35 specifies the use of such land is for a master planned development.

36 ~~34. Sell advertising on the school district website or any website  
37 maintained by a school in the school district as follows:~~

38 ~~(a) Advertisements shall be age appropriate and not contain promotion  
39 of any substance that is illegal for minors, such as alcohol, tobacco and  
40 drugs, or gambling. Advertisements shall comply with the state sex education  
41 policy of abstinence. The governing board has discretion to decline specific  
42 advertisements.~~

43 ~~(b) The school district shall establish a website advertisement fund  
44 that is composed of revenues from the sale of advertising on the school  
45 district website or any website maintained by a school in the school~~

1 ~~district. The monies in a website advertisement fund are not subject to~~  
2 ~~reversion and shall be used for any pupil related costs as determined by the~~  
3 ~~governing board.~~

4 ~~35.~~ 34. Enter into an intergovernmental agreement with a presiding  
5 judge of the juvenile court to implement a law related education program as  
6 defined in section 15-154. The presiding judge of the juvenile court may  
7 assign juvenile probation officers to participate in a law related education  
8 program in any school district in the county. The cost of juvenile probation  
9 officers who participate in the program implemented pursuant to this  
10 paragraph shall be funded by the school district.

11 Sec. 10. Section 15-342, Arizona Revised Statutes, as amended by  
12 section 9 of this act, is amended to read:

13 15-342. Discretionary powers

14 The governing board may:

- 15 1. Expel pupils for misconduct.
- 16 2. Exclude from grades one through eight children under six years of  
17 age.
- 18 3. Make such separation of groups of pupils as it deems advisable.
- 19 4. Maintain such special schools during vacation as deemed necessary  
20 for the benefit of the pupils of the school district.
- 21 5. Permit a superintendent or principal or representatives of the  
22 superintendent or principal to travel for a school purpose, as determined by  
23 a majority vote of the board. The board may permit members and members-elect  
24 of the board to travel within or without the school district for a school  
25 purpose and receive reimbursement. Any expenditure for travel and  
26 subsistence pursuant to this paragraph shall be as provided in title 38,  
27 chapter 4, article 2. The designated post of duty referred to in section  
28 38-621 shall be construed, for school district governing board members, to be  
29 the member's actual place of residence, as opposed to the school district  
30 office or the school district boundaries. Such expenditures shall be a  
31 charge against the budgeted school district funds. The governing board of a  
32 school district shall prescribe procedures and amounts for reimbursement of  
33 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
34 maximum amounts established pursuant to section 38-624, subsection C.
- 35 6. Construct or provide in rural districts housing facilities for  
36 teachers and other school employees which the board determines are necessary  
37 for the operation of the school.
- 38 7. Sell or lease to the state, a county, a city or a tribal government  
39 agency any school property required for a public purpose, provided the sale  
40 or lease of the property will not affect the normal operations of a school  
41 within the school district.
- 42 8. Annually budget and expend funds for membership in an association  
43 of school districts within this state.
- 44 9. Enter into leases or lease-purchase agreements for school buildings  
45 or grounds, or both, as lessor or as lessee, for periods of less than five

1 years subject to voter approval for construction of school buildings as  
2 prescribed in section 15-341, subsection A, paragraph 7.

3 10. Subject to chapter 16 of this title, sell school sites or enter  
4 into leases or lease-purchase agreements for school buildings and grounds, as  
5 lessor or as lessee, for a period of five years or more, but not to exceed  
6 ninety-nine years, if authorized by a vote of the school district electors in  
7 an election called by the governing board as provided in section 15-491,  
8 except that authorization by the school district electors in an election is  
9 not required if one of the following requirements is met:

10 (a) The market value of the school property is less than fifty  
11 thousand dollars ~~or the property is procured through an energy performance~~  
12 ~~contract, which among other items includes a renewable energy power service~~  
13 ~~agreement, or a simplified energy performance contract pursuant to section~~  
14 ~~15-213.01.~~

15 (b) The buildings and sites are completely funded with monies  
16 distributed by the school facilities board.

17 (c) The transaction involves the sale of improved or unimproved  
18 property pursuant to an agreement with the school facilities board in which  
19 the school district agrees to sell the improved or unimproved property and  
20 transfer the proceeds of the sale to the school facilities board in exchange  
21 for monies from the school facilities board for the acquisition of a more  
22 suitable school site. For a sale of property acquired by a school district  
23 prior to July 9, 1998, a school district shall transfer to the school  
24 facilities board that portion of the proceeds that equals the cost of the  
25 acquisition of a more suitable school site. If there are any remaining  
26 proceeds after the transfer of monies to the school facilities board, a  
27 school district shall only use those remaining proceeds for future land  
28 purchases approved by the school facilities board, or for capital  
29 improvements not funded by the school facilities board for any existing or  
30 future facility.

31 (d) The transaction involves the sale of improved or unimproved  
32 property pursuant to a formally adopted plan and the school district uses the  
33 proceeds of this sale to purchase other property that will be used for  
34 similar purposes as the property that was originally sold, provided that the  
35 sale proceeds of the improved or unimproved property are used within two  
36 years after the date of the original sale to purchase the replacement  
37 property. If the sale proceeds of the improved or unimproved property are  
38 not used within two years after the date of the original sale to purchase  
39 replacement property, the sale proceeds shall be used towards payment of any  
40 outstanding bonded indebtedness. If any sale proceeds remain after paying  
41 for outstanding bonded indebtedness, or if the district has no outstanding  
42 bonded indebtedness, sale proceeds shall be used to reduce the district's  
43 primary tax levy. A school district shall not use this subdivision unless  
44 all of the following conditions exist:

1 (i) The school district is the sole owner of the improved or  
2 unimproved property that the school district intends to sell.

3 (ii) The school district did not purchase the improved or unimproved  
4 property that the school district intends to sell with monies that were  
5 distributed pursuant to chapter 16 of this title.

6 (iii) The transaction does not violate section 15-341, subsection G.

7 11. Review the decision of a teacher to promote a pupil to a grade or  
8 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
9 course in high school. The pupil has the burden of proof to overturn the  
10 decision of a teacher to promote, retain, pass or fail the pupil. In order  
11 to sustain the burden of proof, the pupil shall demonstrate to the governing  
12 board that the pupil has mastered the academic standards adopted by the state  
13 board of education pursuant to sections 15-701 and 15-701.01. If the  
14 governing board overturns the decision of a teacher pursuant to this  
15 paragraph, the governing board shall adopt a written finding that the pupil  
16 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
17 article 3.1, the governing board shall review the decision of a teacher to  
18 promote a pupil to a grade or retain a pupil in a grade in a common school or  
19 to pass or fail a pupil in a course in high school in executive session  
20 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
21 disagrees that the review should be conducted in executive session and then  
22 the review shall be conducted in an open meeting. If the review is conducted  
23 in executive session, the board shall notify the teacher of the date, time  
24 and place of the review and shall allow the teacher to be present at the  
25 review. If the teacher is not present at the review, the board shall consult  
26 with the teacher before making its decision. Any request, including the  
27 written request as provided in section 15-341, the written evidence presented  
28 at the review and the written record of the review, including the decision of  
29 the governing board to accept or reject the teacher's decision, shall be  
30 retained by the governing board as part of its permanent records.

31 12. Provide transportation or site transportation loading and unloading  
32 areas for any child or children if deemed for the best interest of the  
33 district, whether within or without the district, county or state.

34 13. Enter into intergovernmental agreements and contracts with school  
35 districts or other governing bodies as provided in section 11-952.  
36 Intergovernmental agreements and contracts between school districts or  
37 between a school district and other governing bodies as provided in section  
38 11-952 are exempt from competitive bidding under the procurement rules  
39 adopted by the state board of education pursuant to section 15-213.

40 14. Include in the curricula which it prescribes for high schools in  
41 the school district career and technical education, vocational education and  
42 technology education programs and career and technical, vocational and  
43 technology program improvement services for the high schools, subject to  
44 approval by the state board of education. The governing board may contract

1 for the provision of career and technical, vocational and technology  
2 education as provided in section 15-789.

3 15. Suspend a teacher or administrator from the teacher's or  
4 administrator's duties without pay for a period of time of not to exceed ten  
5 school days, if the board determines that suspension is warranted pursuant to  
6 section 15-341, subsection A, paragraphs 21 and 22.

7 16. Dedicate school property within an incorporated city or town to  
8 such city or town or within a county to that county for use as a public  
9 right-of-way if both of the following apply:

10 (a) Pursuant to an ordinance adopted by such city, town or county,  
11 there will be conferred upon the school district privileges and benefits  
12 which may include benefits related to zoning.

13 (b) The dedication will not affect the normal operation of any school  
14 within the district.

15 17. Enter into option agreements for the purchase of school sites.

16 18. Donate surplus or outdated learning materials to nonprofit  
17 community organizations where the governing board determines that the  
18 anticipated cost of selling the learning materials equals or exceeds the  
19 estimated market value of the materials.

20 19. Prescribe policies for the assessment of reasonable fees for  
21 students to use district-provided parking facilities. The fees are to be  
22 applied by the district solely against costs incurred in operating or  
23 securing the parking facilities. Any policy adopted by the governing board  
24 pursuant to this paragraph shall include a fee waiver provision in  
25 appropriate cases of need or economic hardship.

26 20. Establish alternative educational programs that are consistent with  
27 the laws of this state to educate pupils, including pupils who have been  
28 reassigned pursuant to section 15-841, subsection E or F.

29 21. Require a period of silence to be observed at the commencement of  
30 the first class of the day in the schools. If a governing board chooses to  
31 require a period of silence to be observed, the teacher in charge of the room  
32 in which the first class is held shall announce that a period of silence not  
33 to exceed one minute in duration will be observed for meditation, and during  
34 that time no activities shall take place and silence shall be maintained.

35 22. Require students to wear uniforms.

36 23. Exchange unimproved property or improved property, including school  
37 sites, where the governing board determines that the improved property is  
38 unnecessary for the continued operation of the school district without  
39 requesting authorization by a vote of the school district electors if the  
40 governing board determines that the exchange is necessary to protect the  
41 health, safety or welfare of pupils or when the governing board determines  
42 that the exchange is based on sound business principles for either:

43 (a) Unimproved or improved property of equal or greater value.

1 (b) Unimproved property that the owner contracts to improve if the  
2 value of the property ultimately received by the school district is of equal  
3 or greater value.

4 24. For common and high school pupils, assess reasonable fees for  
5 optional extracurricular activities and programs conducted when the common or  
6 high school is not in session, except that no fees shall be charged for  
7 pupils' access to or use of computers or related materials. For high school  
8 pupils, the governing board may assess reasonable fees for fine arts and  
9 vocational education courses and for optional services, equipment and  
10 materials offered to the pupils beyond those required to successfully  
11 complete the basic requirements of any other course, except that no fees  
12 shall be charged for pupils' access to or use of computers or related  
13 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
14 public meeting after notice has been given to all parents of pupils enrolled  
15 at schools in the district and shall not exceed the actual costs of the  
16 activities, programs, services, equipment or materials. The governing board  
17 shall authorize principals to waive the assessment of all or part of a fee  
18 assessed pursuant to this paragraph if it creates an economic hardship for a  
19 pupil. For the purposes of this paragraph, "extracurricular activity" means  
20 any optional, noncredit, educational or recreational activity which  
21 supplements the education program of the school, whether offered before,  
22 during or after regular school hours.

23 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and 9,  
24 construct school buildings and purchase or lease school sites, without a vote  
25 of the school district electors, if the buildings and sites are totally  
26 funded from one or more of the following:

27 (a) Monies in the unrestricted capital outlay fund, except that the  
28 estimated cost shall not exceed two hundred fifty thousand dollars for a  
29 district that utilizes section 15-949.

30 (b) Monies distributed from the school facilities board established by  
31 section 15-2001.

32 (c) Monies specifically donated for the purpose of constructing school  
33 buildings.

34 Nothing in this paragraph shall be construed to eliminate the requirement for  
35 an election to raise revenues for a capital outlay override pursuant to  
36 section 15-481 or a bond election pursuant to section 15-491.

37 26. Conduct a background investigation that includes a fingerprint  
38 check conducted pursuant to section 41-1750, subsection G for certificated  
39 personnel and personnel who are not paid employees of the school district, as  
40 a condition of employment. A school district may release the results of a  
41 background check to another school district for employment purposes. The  
42 school district may charge the costs of fingerprint checks to its  
43 fingerprinted employee, except that the school district may not charge the  
44 costs of fingerprint checks for personnel who are not paid employees of the  
45 school district.

- 1           27. Unless otherwise prohibited by law, sell advertising as follows:  
2           (a) Advertisements shall be age appropriate and not contain promotion  
3 of any substance that is illegal for minors such as alcohol, tobacco and  
4 drugs or gambling. Advertisements shall comply with the state sex education  
5 policy of abstinence.  
6           (b) Advertising approved by the governing board for the exterior of  
7 school buses may appear only on the sides of the bus in the following areas:  
8           (i) The signs shall be below the seat level rub rail and not extend  
9 above the bottom of the side windows.  
10           (ii) The signs shall be at least three inches from any required  
11 lettering, lamp, wheel well or reflector behind the service door or stop  
12 signal arm.  
13           (iii) The signs shall not extend from the body of the bus so as to  
14 allow a handhold or present a danger to pedestrians.  
15           (iv) The signs shall not interfere with the operation of any door or  
16 window.  
17           (v) The signs shall not be placed on any emergency doors.  
18           (c) The school district shall establish an advertisement fund that is  
19 composed of revenues from the sale of advertising. The monies in an  
20 advertisement fund are not subject to reversion.  
21           28. Assess reasonable damage deposits to pupils in grades seven through  
22 twelve for the use of textbooks, musical instruments, band uniforms or other  
23 equipment required for academic courses. The governing board shall adopt  
24 policies on any damage deposits assessed pursuant to this paragraph at a  
25 public meeting called for this purpose after providing notice to all parents  
26 of pupils in grades seven through twelve in the school district. Principals  
27 of individual schools within the district may waive the damage deposit  
28 requirement for any textbook or other item if the payment of the damage  
29 deposit would create an economic hardship for the pupil. The school district  
30 shall return the full amount of the damage deposit for any textbook or other  
31 item if the pupil returns the textbook or other item in reasonably good  
32 condition within the time period prescribed by the governing board. For the  
33 purposes of this paragraph, "in reasonably good condition" means the textbook  
34 or other item is in the same or a similar condition as it was when the pupil  
35 received it, plus ordinary wear and tear.  
36           29. Notwithstanding section 15-1105, expend surplus monies in the civic  
37 center school fund for maintenance and operations or unrestricted capital  
38 outlay, if sufficient monies are available in the fund after meeting the  
39 needs of programs established pursuant to section 15-1105.  
40           30. Notwithstanding section 15-1143, expend surplus monies in the  
41 community school program fund for maintenance and operations or unrestricted  
42 capital outlay, if sufficient monies are available in the fund after meeting  
43 the needs of programs established pursuant to section 15-1142.  
44           31. Adopt guidelines for standardization of the format of the school  
45 report cards required by section 15-746 for schools within the district.



1           32. Adopt policies that require parental notification when a law  
2 enforcement officer interviews a pupil on school grounds. Policies adopted  
3 pursuant to this paragraph shall not impede a peace officer from the  
4 performance of the peace officer's duties. If the school district governing  
5 board adopts a policy that requires parental notification:

6           (a) The policy may provide reasonable exceptions to the parental  
7 notification requirement.

8           (b) The policy shall set forth whether and under what circumstances a  
9 parent may be present when a law enforcement officer interviews the pupil,  
10 including reasonable exceptions to the circumstances under which a parent may  
11 be present when a law enforcement officer interviews the pupil, and shall  
12 specify a reasonable maximum time after a parent is notified that an  
13 interview of a pupil by a law enforcement officer may be delayed to allow the  
14 parent to be present.

15           33. Enter into voluntary partnerships with any party to finance with  
16 funds other than school district funds and cooperatively design school  
17 facilities that comply with the adequacy standards prescribed in section  
18 15-2011 and the square footage per pupil requirements pursuant to section  
19 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
20 location of any such school facility shall be submitted to the school  
21 facilities board for approval pursuant to section 15-2041, subsection 0. If  
22 the school facilities board approves the design plans and location of any  
23 such school facility, the party in partnership with the school district may  
24 cause to be constructed and the district may begin operating the school  
25 facility before monies are distributed from the school facilities board  
26 pursuant to section 15-2041. Monies distributed from the new school  
27 facilities fund to a school district in a partnership with another party to  
28 finance and design the school facility shall be paid to the school district  
29 pursuant to section 15-2041. The school district shall reimburse the party  
30 in partnership with the school district from the monies paid to the school  
31 district pursuant to section 15-2041, in accordance with the voluntary  
32 partnership agreement. Before the school facilities board distributes any  
33 monies pursuant to this subsection, the school district shall demonstrate to  
34 the school facilities board that the facilities to be funded pursuant to  
35 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
36 in section 15-2011. If the cost to construct the school facility exceeds the  
37 amount that the school district receives from the new school facilities fund,  
38 the partnership agreement between the school district and the other party  
39 shall specify that, except as otherwise provided by the other party, any such  
40 excess costs shall be the responsibility of the school district. The school  
41 district governing board shall adopt a resolution in a public meeting that an  
42 analysis has been conducted on the prospective effects of the decision to  
43 operate a new school with existing monies from the school district's  
44 maintenance and operations budget and how this decision may affect other  
45 schools in the school district. If a school district acquires land by

1 donation at an appropriate school site approved by the school facilities  
2 board and a school facility is financed and built on the land pursuant to  
3 this paragraph, the school facilities board shall distribute an amount equal  
4 to twenty per cent of the fair market value of the land that can be used for  
5 academic purposes. The school district shall place the monies in the  
6 unrestricted capital outlay fund and increase the unrestricted capital budget  
7 limit by the amount of the monies placed in the fund. Monies distributed  
8 under this paragraph shall be distributed from the new school facilities fund  
9 pursuant to section 15-2041. If a school district acquires land by donation  
10 at an appropriate school site approved by the school facilities board and a  
11 school facility is financed and built on the land pursuant to this paragraph,  
12 the school district shall not receive monies from the school facilities board  
13 for the donation of real property pursuant to section 15-2041, subsection F.  
14 It is unlawful for:

15 (a) A county, city or town to require as a condition of any land use  
16 approval that a landowner or landowners that entered into a partnership  
17 pursuant to this paragraph provide any contribution, donation or gift, other  
18 than a site donation, to a school district. This subdivision only applies to  
19 the property in the voluntary partnership agreement pursuant to this  
20 paragraph.

21 (b) A county, city or town to require as a condition of any land use  
22 approval that the landowner or landowners located within the geographic  
23 boundaries of the school subject to the voluntary partnership pursuant to  
24 this paragraph provide any donation or gift to the school district except as  
25 provided in the voluntary partnership agreement pursuant to this paragraph.

26 (c) A community facilities district established pursuant to title 48,  
27 chapter 4, article 6 to be used for reimbursement of financing the  
28 construction of a school pursuant to this paragraph.

29 (d) A school district to enter into an agreement pursuant to this  
30 paragraph with any party other than a master planned community party. Any  
31 land area consisting of at least three hundred twenty acres that is the  
32 subject of a development agreement with a county, city or town entered into  
33 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
34 planned community. For the purposes of this subdivision, "master planned  
35 community" means a land area consisting of at least three hundred twenty  
36 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
37 approved by the governing body of the county, city or town in which the land  
38 is located that establishes the use of the land area as a planned area  
39 development or district, planned community development or district, planned  
40 unit development or district or other land use category or district that is  
41 recognized in the local ordinance of such county, city or town and that  
42 specifies the use of such land is for a master planned development.

43 34. Enter into an intergovernmental agreement with a presiding judge  
44 of the juvenile court to implement a law related education program as defined  
45 in section 15-154. The presiding judge of the juvenile court may assign

1 juvenile probation officers to participate in a law related education program  
2 in any school district in the county. The cost of juvenile probation  
3 officers who participate in the program implemented pursuant to this  
4 paragraph shall be funded by the school district.

5 Sec. 11. Repeal

6 Section 15-342, as amended by Laws 2009, first regular session, chapter  
7 101, section 4, is repealed.

8 Sec. 12. Section 15-533, Arizona Revised Statutes, is amended to read:  
9 15-533. Reciprocity; proficiency examination

10 A. To qualify for either a basic or standard teaching certificate, or  
11 equivalent certificate later adopted by the state board of education, a  
12 person must pass each component of the proficiency examination developed and  
13 administered by the state board of education. The proficiency examination  
14 shall consist of only a professional knowledge test and a subject knowledge  
15 test. ~~A person is not required to take the examination if the person has~~  
16 ~~passed a proficiency examination adopted by a state board of education or~~  
17 ~~equivalent agency in another state.~~ A PERSON IS NOT REQUIRED TO TAKE THE  
18 PROFESSIONAL KNOWLEDGE PORTION OF THE EXAMINATION IF THE PERSON HAS BEEN A  
19 FULL-TIME TEACHER FOR AT LEAST THREE YEARS IN THAT SAME AREA OF CERTIFICATION  
20 IN WHICH THE PERSON IS APPLYING FOR CERTIFICATION IN THIS STATE. A PERSON IS  
21 NOT REQUIRED TO TAKE THE SUBJECT KNOWLEDGE PORTION OF THE EXAMINATION IF THE  
22 PERSON HAS OBTAINED A MASTER'S DEGREE IN THAT SUBJECT AREA AT AN ACCREDITED  
23 INSTITUTION OF HIGHER EDUCATION ACCORDING TO AN OFFICIAL TRANSCRIPT ISSUED  
24 FROM THE INSTITUTION. A PERSON WHO OBTAINED STRUCTURED ENGLISH IMMERSION  
25 TRAINING IN ANOTHER STATE THAT THE STATE BOARD OF EDUCATION DETERMINES IS  
26 COMPARABLE TO THE STRUCTURED ENGLISH IMMERSION TRAINING REQUIRED IN THIS  
27 STATE SHALL NOT BE REQUIRED TO OBTAIN ADDITIONAL STRUCTURED ENGLISH IMMERSION  
28 TRAINING IN THIS STATE. The state board of education may grant a basic or  
29 standard teaching certificate for not to exceed one year to a teacher who is  
30 a nonresident and who has not met the requirement of this section at the time  
31 of application.

32 B. A person is not required to pass the proficiency examination or the  
33 equivalent examination more than once, ~~except that a person who passed the~~  
34 ~~examination developed and administered in this state by the state board of~~  
35 ~~education seven or more years before qualifying to teach in this state is~~  
36 ~~required to repass the examination.~~ A person who passed a proficiency  
37 ~~examination adopted by a state board of education or equivalent agency in~~  
38 ~~another state seven or more years before qualifying to teach in this state is~~  
39 ~~required to pass the proficiency examination developed and administered in~~  
40 ~~this state by the state board of education, except that a person who has been~~  
41 ~~employed as a teacher in another state for at least five of the previous~~  
42 ~~seven years before qualifying to teach in this state is not required to~~  
43 ~~repass the examination.~~ THE STATE BOARD OF EDUCATION MAY ADOPT RULES TO  
44 MODIFY THE REQUIREMENTS OF SUBSECTION A FOR PERSONS WHO HAVE TAUGHT, OBTAINED  
45 CERTIFICATION OR OBTAINED A MASTER'S DEGREE IN ANOTHER COUNTRY.

1 NOTWITHSTANDING ANY OTHER LAW, A PERSON WHO HAS NOT TAUGHT DURING THE TEN  
2 YEARS IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION FOR  
3 CERTIFICATION IS REQUIRED TO REPASS THE EXAMINATION.

4 C. A person who is not required to pass the proficiency examination  
5 developed and administered in this state by the state board of education  
6 pursuant to ~~subsections~~ SUBSECTION A or B shall only be granted reciprocity  
7 for those proficiency examinations required in this state that pertain to the  
8 grade levels and content areas that the person is certified to teach in  
9 another state.

10 Sec. 13. Section 15-714.01, Arizona Revised Statutes, is amended to  
11 read:

12 15-714.01. Arizona gun safety program course

13 A. In addition to the voluntary training in the use of bows and  
14 firearms prescribed in sections 15-713 and 15-714, ~~each~~ ANY school district  
15 ~~and~~ OR charter school may offer as an elective course a one semester, ONE  
16 CREDIT course in firearm marksmanship that shall be designated as the Arizona  
17 gun safety program course.

18 B. A pupil shall be deemed to have satisfactorily completed the  
19 Arizona gun safety program course by demonstrating that the pupil has the  
20 ability to safely discharge a firearm AS DEFINED IN SECTION 13-3101.

21 C. The course of instruction prescribed in this section shall be  
22 jointly developed by the Arizona game and fish commission, the department of  
23 public safety and private firearms organizations and may include materials  
24 provided by private youth organizations. At a minimum, the Arizona gun  
25 safety program course shall include EACH OF THE FOLLOWING:

- 26 1. Instruction on the rules of ~~gun~~ FIREARM safety.
- 27 2. Instruction on the basic operation of firearms.
- 28 3. Instruction on the history of firearms and marksmanship.
- 29 4. Instruction on the role of firearms in preserving peace and  
30 freedom.
- 31 5. Instruction on the constitutional roots of the right to keep and  
32 bear arms.
- 33 6. Instruction on the use of clay targets.
- 34 7. Practice time at a shooting range.
- 35 8. ACTUAL demonstration BY THE PUPIL of competence with a firearm AS  
36 DEFINED IN SECTION 13-3101 BY SAFELY DISCHARGING THE FIREARM AT ONE OR MORE  
37 TARGETS.

38 D. School districts and charter schools shall arrange for adequate use  
39 of shooting range time by pupils in the Arizona gun safety program course at  
40 any established shooting range.

41 E. Pupils who satisfactorily complete the Arizona gun safety program  
42 course shall receive a certificate of accomplishment.

43 ~~F. Instructors shall be certified by the Arizona game and fish  
44 department or by a national association of firearms owners.~~

1 F. A PERSON WHO IS CURRENTLY CERTIFIED AS A FIREARMS SAFETY INSTRUCTOR  
2 BY THE ARIZONA GAME AND FISH DEPARTMENT, THE NATIONAL RIFLE ASSOCIATION, A  
3 FEDERAL, STATE OR LOCAL LAW ENFORCEMENT AGENCY, A BRANCH OF THE UNITED STATES  
4 MILITARY, A FEDERAL AGENCY, THE RESERVE OFFICER TRAINING CORPS, THE JUNIOR  
5 RESERVE OFFICER TRAINING CORPS OR THE CIVILIAN MARKSMANSHIP PROGRAM IS  
6 QUALIFIED TO TEACH THE ARIZONA GUN SAFETY PROGRAM COURSE.

7 G. Nothing in this section shall be construed to limit or expand the  
8 liability of any person under other provisions of law.

9 Sec. 14. Section 15-816.01, Arizona Revised Statutes, is amended to  
10 read:

11 15-816.01. Enrollment policies

12 A. School district governing boards shall establish policies and shall  
13 implement an open enrollment policy without charging tuition. Tuition may be  
14 charged to nonresident pupils only if the tuition is authorized under section  
15 15-764, subsection C, section 15-797, subsection C, section 15-823,  
16 subsection A, section 15-824, subsection A or section 15-825 or if two school  
17 districts have entered into a voluntary agreement for the payment of tuition  
18 for certain pupils. These policies shall include admission criteria,  
19 application procedures and transportation provisions. A school district may  
20 give enrollment preference to and reserve capacity for pupils who are  
21 children of persons who are employed by or at a school in the school  
22 district. A copy of the district policies for open enrollment shall be ~~filed~~  
23 ~~with the department of education~~ POSTED ON THE DISTRICT'S WEBSITE AND SHALL  
24 BE AVAILABLE TO THE PUBLIC ON REQUEST.

25 B. The governing board of the district educating the pupil may provide  
26 transportation limited to no more than twenty miles each way to and from the  
27 school of attendance or to and from a pickup point on a regular  
28 transportation route or for the total miles traveled each day to an adjacent  
29 district for eligible nonresident pupils who meet the economic eligibility  
30 requirements established under the national school lunch and child nutrition  
31 acts (42 United States Code sections 1751 through 1785) for free or reduced  
32 price lunches.

33 C. The governing board of the district educating the pupil shall  
34 provide transportation limited to no more than twenty miles each way to and  
35 from the school of attendance or to and from a pickup point on a regular  
36 transportation route or for the total miles traveled each day to an adjacent  
37 district for nonresident pupils with disabilities whose individualized  
38 education program specifies that transportation is necessary for fulfillment  
39 of the program.

40 Sec. 15. 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 attendance" or "ADA" means actual average daily  
44 attendance through the first one hundred days or two hundred days in session,  
45 as applicable.

1           2. "Average daily membership" means the total enrollment of fractional  
2 students and full-time students, minus withdrawals, of each school day  
3 through the first one hundred days or two hundred days in session, as  
4 applicable, for the current year. Withdrawals include students formally  
5 withdrawn from schools and students absent for ten consecutive school days,  
6 except for excused absences as identified by the department of education.  
7 For computation purposes, the effective date of withdrawal shall be  
8 retroactive to the last day of actual attendance of the student.

9           (a) "Fractional student" means:

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

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

1 (b) "Full-time student" means:  
2 (i) For common schools, a student who is at least six years of age  
3 prior to 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. Until fiscal year  
6 2001-2002, first, second and third grade students, ungraded students at least  
7 six, but under nine, years of age by September 1 or ungraded group B children  
8 with disabilities who are at least five, but under six, years of age by  
9 September 1 must be enrolled in an instructional program that meets for a  
10 total of at least six hundred ninety-two hours during the minimum number of  
11 days required in a school year as provided in section 15-341. In fiscal year  
12 2001-2002, the program shall meet at least six hundred ninety-six hours. In  
13 fiscal year 2002-2003, the program shall meet at least seven hundred hours.  
14 In fiscal year 2003-2004, the program shall meet at least seven hundred four  
15 hours. In fiscal year 2004-2005, the program shall meet at least seven  
16 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year  
17 thereafter, the program shall meet at least seven hundred twelve hours.  
18 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or  
19 ungraded students at least nine, but under twelve, years of age by September  
20 1 must be enrolled in an instructional program that meets for a total of at  
21 least eight hundred sixty-five hours during the minimum number of school days  
22 required in a school year as provided in section 15-341. In fiscal year  
23 2001-2002, the program shall meet at least eight hundred seventy hours. In  
24 fiscal year 2002-2003, the program shall meet at least eight hundred  
25 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least  
26 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet  
27 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each  
28 fiscal year thereafter, the program shall meet at least eight hundred ninety  
29 hours. Until fiscal year 2001-2002, seventh and eighth grade students or  
30 ungraded students at least twelve, but under fourteen, years of age by  
31 September 1 must be enrolled in an instructional program that meets for a  
32 total of at least one thousand thirty-eight hours during the minimum number  
33 of days required in a school year as provided in section 15-341. In fiscal  
34 year 2001-2002, the program shall meet at least one thousand forty-four  
35 hours. In fiscal year 2002-2003, the program shall meet at least one  
36 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at  
37 least one thousand fifty-six hours. In fiscal year 2004-2005, the program  
38 shall meet at least one thousand sixty-two hours. In fiscal ~~year~~ YEARS  
39 2005-2006 ~~and each fiscal year thereafter~~ THROUGH 2009-2010, the program  
40 shall meet at least one thousand sixty-eight hours. IN FISCAL YEAR 2010-2011  
41 AND EACH FISCAL YEAR THEREAFTER, THE PROGRAM SHALL MEET AT LEAST ONE THOUSAND  
42 HOURS. Lunch periods and recess periods may not be included as part of the  
43 instructional hours unless the student is a child with a disability and the  
44 child's individualized education program requires instruction during those  
45 periods and the specific reasons for such instruction are fully documented.

1 (ii) For high schools, except as provided in section 15-105, a student  
2 not graduated from the highest grade taught in the school district, or an  
3 ungraded student at least fourteen years of age by September 1, and enrolled  
4 in at least a full-time instructional program of subjects that count toward  
5 graduation as defined by the state board of education in a recognized high  
6 school. A full-time student shall not be counted more than once for  
7 computation of average daily membership.

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

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

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

26 (vi) For homebound or hospitalized, a student receiving at least four  
27 hours of instruction per week.

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

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

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

42 (iii) For fiscal year 2002-2003, an instructional program that meets  
43 at least a total of seven hundred eight hours during the minimum number of  
44 days required and includes at least four subjects each of which, if taught  
45 each school day for the minimum number of days required in a school year,



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

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

12 (v) For fiscal year 2004-2005, an instructional program that meets at  
13 least a total of seven hundred sixteen hours during the minimum number of  
14 days required and includes at least four subjects each of which, if taught  
15 each school day for the minimum number of days required in a school year,  
16 would meet a minimum of one hundred twenty-three hours a year, or the  
17 equivalent, or one or more subjects taught in amounts of time totaling at  
18 least twenty hours per week prorated for any week with fewer than five school  
19 days.

20 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an  
21 instructional program that meets at least a total of seven hundred twenty  
22 hours during the minimum number of days required and includes at least four  
23 subjects each of which, if taught each school day for the minimum number of  
24 days required in a school year, would meet a minimum of one hundred  
25 twenty-three hours a year, or the equivalent, or one or more subjects taught  
26 in amounts of time totaling at least twenty hours per week prorated for any  
27 week with fewer than five school days.

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

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

33 5. "Current year" means the fiscal year in which a school district is  
34 operating.

35 6. "Daily attendance" means:

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

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

1 attends at least one-half of the instructional time scheduled for the day.  
2 Such attendance shall be counted as one-half day of attendance.

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

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

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

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

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

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

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

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

44 (e) For high schools or ungraded schools in which the pupil is at  
45 least fourteen years of age by September 1, the attendance of a pupil may be

1 counted as one-fourth of a day's attendance for each sixty minutes of  
2 instructional time in a subject that counts toward graduation, except that  
3 attendance for a pupil shall not exceed the pupil's full or fractional  
4 membership.

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

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

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

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

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

28 8. "District support level" means the base support level plus the  
29 transportation support level.

30 9. "Eligible students" means:

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

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

43 (ii) For high school students, whose place of actual residence within  
44 the school district is more than one and one-half miles from the school  
45 facility of attendance or students who are admitted pursuant to section

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

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

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

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

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

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

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

28 13. "Revenue control limit" means the base revenue control limit plus  
29 the transportation revenue control limit.

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

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

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

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

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

- 1           B. In this title, unless the context otherwise requires:
- 2           1. "Base" means the revenue level per student count specified by the
- 3 legislature.
- 4           2. "Base level" means:
- 5           (a) For fiscal year 2007-2008, three thousand two hundred twenty-six
- 6 dollars eighty-eight cents.
- 7           (b) For fiscal year 2008-2009, three thousand two hundred ninety-one
- 8 dollars forty-two cents.
- 9           (c) For fiscal year 2009-2010, three thousand two hundred sixty-seven
- 10 dollars seventy-two cents.
- 11          3. "Base revenue control limit" means the base revenue control limit
- 12 computed as provided in section 15-944.
- 13          4. "Base support level" means the base support level as provided in
- 14 section 15-943.
- 15          5. "Certified teacher" means a person who is certified as a teacher
- 16 pursuant to the rules adopted by the state board of education, who renders
- 17 direct and personal services to school children in the form of instruction
- 18 related to the school district's educational course of study and who is paid
- 19 from the maintenance and operation section of the budget.
- 20          6. "DD" means programs for children with developmental delays who are
- 21 at least three years of age but under ten years of age. A preschool child
- 22 who is categorized under this paragraph is not eligible to receive funding
- 23 pursuant to section 15-943, paragraph 2, subdivision (b).
- 24          7. "ED, MIMR, SLD, SLI and OHI" means programs for children with
- 25 emotional disabilities, mild mental retardation, a specific learning
- 26 disability, a speech/language impairment and other health impairments. A
- 27 preschool child who is categorized as SLI under this paragraph is not
- 28 eligible to receive funding pursuant to section 15-943, paragraph 2,
- 29 subdivision (b).
- 30          8. "ED-P" means programs for children with emotional disabilities who
- 31 are enrolled in private special education programs as prescribed in section
- 32 15-765, subsection D, paragraph 1 or in an intensive school district program
- 33 as provided in section 15-765, subsection D, paragraph 2.
- 34          9. "ELL" means English learners who do not speak English or whose
- 35 native language is not English, who are not currently able to perform
- 36 ordinary classroom work in English and who are enrolled in an English
- 37 language education program pursuant to sections 15-751, 15-752 and 15-753.
- 38          10. "Full-time equivalent certified teacher" or "FTE certified teacher"
- 39 means for a certified teacher the following:
- 40           (a) If employed full time as defined in section 15-501, 1.00.
- 41           (b) If employed less than full time, multiply 1.00 by the percentage
- 42 of a full school day, or its equivalent, or a full class load, or its
- 43 equivalent, for which the teacher is employed as determined by the governing
- 44 board.

- 1           11. "Group A" means educational programs for career exploration, a  
2 specific learning disability, an emotional disability, mild mental  
3 retardation, remedial education, a speech/language impairment, developmental  
4 delay, homebound, bilingual, other health impairments and gifted pupils.
- 5           12. "Group B" means educational improvements for pupils in kindergarten  
6 programs and grades one through three, educational programs for autism, a  
7 hearing impairment, moderate mental retardation, multiple disabilities,  
8 multiple disabilities with severe sensory impairment, orthopedic impairments,  
9 preschool severe delay, severe mental retardation and emotional disabilities  
10 for school age pupils enrolled in private special education programs or in  
11 school district programs for children with severe disabilities or visual  
12 impairment and English learners enrolled in a program to promote English  
13 language proficiency pursuant to section 15-752.
- 14           13. "HI" means programs for pupils with hearing impairment.
- 15           14. "Homebound" or "hospitalized" means a pupil who is capable of  
16 profiting from academic instruction but is unable to attend school due to  
17 illness, disease, accident or other health conditions, who has been examined  
18 by a competent medical doctor and who is certified by that doctor as being  
19 unable to attend regular classes for a period of not less than three school  
20 months or a pupil who is capable of profiting from academic instruction but  
21 is unable to attend school regularly due to chronic or acute health problems,  
22 who has been examined by a competent medical doctor and who is certified by  
23 that doctor as being unable to attend regular classes for intermittent  
24 periods of time totaling three school months during a school year. The  
25 medical certification shall state the general medical condition, such as  
26 illness, disease or chronic health condition, that is the reason that the  
27 pupil is unable to attend school. Homebound or hospitalized includes a  
28 student who is unable to attend school for a period of less than three months  
29 due to a pregnancy if a competent medical doctor, after an examination,  
30 certifies that the student is unable to attend regular classes due to risk to  
31 the pregnancy or to the student's health.
- 32           15. "K" means kindergarten programs.
- 33           16. "K-3" means kindergarten programs and grades one through three.
- 34           17. "MD-R, A-R and SMR-R" means resource programs for pupils with  
35 multiple disabilities, autism and severe mental retardation.
- 36           18. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils  
37 with multiple disabilities, autism and severe mental retardation.
- 38           19. "MDSSI" means a program for pupils with multiple disabilities with  
39 severe sensory impairment.
- 40           20. "MOMR" means programs for pupils with moderate mental retardation.
- 41           21. "OI-R" means a resource program for pupils with orthopedic  
42 impairments.
- 43           22. "OI-SC" means a self-contained program for pupils with orthopedic  
44 impairments.

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

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

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

8           26. "Small isolated school district" means a school district which  
9 meets all of the following:

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

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

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

19           27. "Small school district" means a school district which meets all of  
20 the following:

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

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

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

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

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

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

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

35           Sec. 16. Section 15-905, Arizona Revised Statutes, is amended to read:

36           15-905. School district budgets; notice; adoption; aggregate  
37                           budget limit; summary; adjustments; impact aid fund;  
38                           definition

39           A. Not later than July 5 of each year or no later than the publication  
40 of notice of the public hearing and board meeting as required by this  
41 section, the governing board of each school district shall prepare and  
42 furnish to the superintendent of public instruction and the county school  
43 superintendent, unless waived by the county school superintendent, a proposed  
44 budget in electronic format for the budget year, which shall contain the

1 information and be in the form as provided by the department of education.

2 The proposed budget shall include the following:

3 1. The total amount of revenues from all sources that was necessary to  
4 meet the school district's budget for the current year.

5 2. The total amount of revenues by source that will be necessary to  
6 meet the proposed budget of the school district, excluding property taxes.  
7 The governing board shall prepare the proposed budget and a summary of the  
8 proposed budget. Both documents shall be kept on file at the school district  
9 office and shall be made available to the public upon request. The auditor  
10 general in conjunction with the department of education shall prescribe the  
11 form of the summary of the proposed budget for use by governing boards.  
12 School district governing boards may include in the proposed budget any items  
13 or amounts which are authorized by legislation filed with the secretary of  
14 state and which will become effective during the budget year. If subsequent  
15 events prevent the legislation from becoming effective, school district  
16 governing boards must reduce their budgets by the amounts budgeted pursuant  
17 to the legislation which did not become effective.

18 B. The governing board of each school district shall prepare a notice  
19 fixing a time not later than July 15 and designating a public place within  
20 each school district at which a public hearing and board meeting shall be  
21 held. The governing board shall present the proposed budget for  
22 consideration of the residents and the taxpayers of the school district at  
23 such hearing and meeting.

24 C. The governing board of each school district shall publish or mail,  
25 prior to the hearing and meeting, a copy of the proposed budget or the  
26 summary of the proposed budget and, in addition, a notice of the public  
27 hearing and board meeting no later than ten days prior to the meeting. The  
28 proposed budget and the summary of the proposed budget shall contain the  
29 percentage of increase or decrease in each budget category of the proposed  
30 budget as compared to each category of the budget for the current year.  
31 Notification shall be either by publication in a newspaper of general  
32 circulation within the school district in which the size of the newspaper  
33 print shall be at least eight-point type, by electronic transmission of the  
34 information to the department of education for posting on the department's  
35 website or by mailing the information to each household in the school  
36 district. The cost of publication, website posting or mailing shall be a  
37 charge against the school district. The publisher's affidavit of publication  
38 shall be filed by the governing board with the superintendent of public  
39 instruction within thirty days after publication. If the budget or proposed  
40 budget and notice are posted on a website maintained by the department of  
41 education or mailed, the board shall file an affidavit with the  
42 superintendent of public instruction within thirty days after the mailing or  
43 the date that the information is posted on the website. If a truth in  
44 taxation notice and hearing is required under section 15-905.01, the



1 governing board may combine the notice and hearing under this section with  
2 the truth in taxation notice and hearing.

3 D. At the time and place fixed in the notice, the governing board  
4 shall hold the public hearing and present the proposed budget to the persons  
5 attending the hearing. Upon request of any person, the governing board shall  
6 explain the budget, and any resident or taxpayer of the school district may  
7 protest the inclusion of any item. A governing board member who has a  
8 substantial interest, as defined in section 38-502, in a specific item in the  
9 school district budget shall refrain from voting on the specific item. A  
10 governing board member may participate without creating a conflict of  
11 interest in adoption of a final budget even though the member may have  
12 substantial interest in specific items included in the budget.

13 E. Immediately following the public hearing the president shall call  
14 to order the governing board meeting for the purpose of adopting the budget.  
15 The governing board shall adopt the budget, which shall not exceed the  
16 general budget limit, the unrestricted capital budget limit or the soft  
17 capital allocation limit, making such deductions as it sees fit but making no  
18 additions to the proposed budget total for maintenance and operations or  
19 capital outlay, and shall enter the budget as adopted in its minutes. Not  
20 later than July 18, the budget as finally adopted shall be filed by the  
21 governing board with the county school superintendent who shall immediately  
22 transmit a copy to the board of supervisors. Not later than July 18, the  
23 budget as finally adopted shall be submitted electronically to the  
24 superintendent of public instruction. On or before October 30, the  
25 superintendent of public instruction shall review the budget and notify the  
26 governing board if the budget is in excess of the general budget limit, the  
27 unrestricted capital budget limit or the soft capital allocation limit. The  
28 governing board shall revise the budget as follows:

29 1. If the governing board receives notification that the budget  
30 exceeds the general budget limit, the unrestricted capital budget limit or  
31 the soft capital allocation limit by one per cent of the general budget limit  
32 or one hundred thousand dollars, whichever is less, it shall adopt on or  
33 before December 15, after it gives notice and holds a public meeting in a  
34 similar manner as provided in subsections C and D of this section, a revised  
35 budget for the current year, which shall not exceed the general budget limit,  
36 the unrestricted capital budget limit or the soft capital allocation limit.

37 2. If the governing board receives notification that the budget  
38 exceeds the general budget limit, the unrestricted capital budget limit or  
39 the soft capital allocation limit by less than the amount prescribed in  
40 paragraph 1 of this subsection, the governing board shall adjust the budget  
41 and expenditures so as not to exceed the general budget limit, the  
42 unrestricted capital budget limit or the soft capital allocation limit for  
43 the current year.

44 3. On or before December 18, the governing board shall file the  
45 revised budget it adopts with the county school superintendent who shall

1 immediately transmit a copy to the board of supervisors. Not later than  
2 December 18, the budget as revised shall be submitted electronically to the  
3 superintendent of public instruction. School districts that are subject to  
4 section 15-914.01 are not required to send a copy of revised budgets to the  
5 county school superintendent. Procedures for adjusting expenditures or  
6 revising the budget shall be as prescribed in the uniform system of financial  
7 records.

8 F. The governing board of each school district may budget for  
9 expenditures within the school district budget as follows:

10 1. Amounts within the general budget limit, as provided in section  
11 15-947, subsection C, may only be budgeted in the following sections of the  
12 budget:

13 (a) The maintenance and operation section.

14 (b) The capital outlay section.

15 2. Amounts within the unrestricted capital budget limit, as provided  
16 in section 15-947, subsection D, may only be budgeted in the unrestricted  
17 capital outlay subsection of the budget. Monies received pursuant to the  
18 unrestricted capital budget limit shall be placed in the unrestricted capital  
19 outlay fund. The monies in the fund are not subject to reversion.

20 3. The soft capital allocation limit, as provided in section 15-947,  
21 subsection E, may only be budgeted in the soft capital allocation subsection  
22 of the budget.

23 G. The governing board may authorize the expenditure of monies  
24 budgeted within the maintenance and operation section of the budget for any  
25 subsection within the section in excess of amounts specified in the adopted  
26 budget only by action taken at a public meeting of the governing board and if  
27 the expenditures for all subsections of the section do not exceed the amount  
28 budgeted as provided in this section

29 H. The aggregate budget limit is the sum of the following:

30 1. The general budget limit as determined in section 15-947 for the  
31 budget year.

32 2. The unrestricted capital budget limit as determined in section  
33 15-947 for the budget year.

34 3. The soft capital allocation limit for the budget year as determined  
35 in section 15-947.

36 4. Federal assistance, excluding title VIII of the elementary and  
37 secondary education act of 1965 monies.

38 I. School districts which overestimated tuition revenues as provided  
39 in section 15-947, subsection C, paragraph 2 shall adjust the general budget  
40 limit and expenditures based upon tuition revenues for attendance of  
41 nonresident pupils during the current fiscal year. School districts which  
42 underestimated tuition revenues may adjust their budgets prior to May 15  
43 based upon tuition revenues for attendance of nonresident pupils during the  
44 current fiscal year. School districts which overestimated revenues as  
45 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items

1 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit  
2 and expenditures based on actual revenues during the current fiscal year.  
3 School districts which underestimated such revenues may adjust their budgets  
4 before May 15 based on actual revenues during the current fiscal year.  
5 Procedures for completing adjustments shall be as prescribed in the uniform  
6 system of financial records. Not later than May 18, the budget as adjusted  
7 shall be submitted electronically to the superintendent of public  
8 instruction.

9 J. A common school district not within a high school district whose  
10 estimated tuition charge for high school pupils exceeds the actual tuition  
11 charge for high school pupils shall adjust the general budget limit and  
12 expenditures based on the actual tuition charge. Not later than May 18, the  
13 budget as adjusted shall be submitted electronically to the superintendent of  
14 public instruction. A common school district not within a high school  
15 district whose estimated tuition charge for high school pupils is less than  
16 the actual tuition charge for high school pupils may adjust its budget before  
17 May 15 based on the actual tuition charge. Procedures for completing  
18 adjustments shall be as prescribed in the uniform system of financial  
19 records. If the adjusted general budget limit requires an adjustment of  
20 state aid and if the adjustment to state aid is not made in the current year,  
21 the superintendent of public instruction shall adjust by August 15 of the  
22 succeeding fiscal year the apportionment of state aid to the school district  
23 to correct any overpayment or underpayment of state aid received during the  
24 current year.

25 K. The governing board may include title VIII of the elementary and  
26 secondary education act of 1965 assistance allocated for children with  
27 disabilities, children with specific learning disabilities, children residing  
28 on Indian lands and children residing within the boundaries of an  
29 accommodation school that is located on a military reservation and that is  
30 classified as a heavily impacted local educational agency pursuant to 20  
31 United States Code section 7703 which is in addition to basic assistance when  
32 determining the general budget limit as prescribed in section 15-947,  
33 subsection C. The increase in the general budget limit for children residing  
34 within the boundaries of an accommodation school that is located on a  
35 military reservation and that is classified as a heavily impacted local  
36 education agency shall equal the dollar amount calculated pursuant to 20  
37 United States Code section 7703(b)(2). The governing board may adjust before  
38 May 15 the budget for the current year based on any adjustments which result  
39 in increases over the amount estimated by the superintendent of public  
40 instruction for title VIII of the elementary and secondary education act of  
41 1965 assistance for such pupils for the fiscal year preceding the current  
42 year. The governing board shall adjust before May 15 the budget for the  
43 current year based on any adjustments which result in decreases in the amount  
44 estimated by the superintendent of public instruction for title VIII of the  
45 elementary and secondary education act of 1965 assistance for such pupils for

1 the fiscal year preceding the current year. Not later than May 18, the  
2 budget as adjusted shall be submitted electronically to the superintendent of  
3 public instruction. Procedures for complying with this subsection shall be as  
4 prescribed in the uniform system of financial records.

5 L. The department of education shall notify the state board of  
6 education if expenditures by any school district exceed the general budget  
7 limit prescribed in section 15-947, subsection C, the unrestricted capital  
8 budget limit, the soft capital allocation limit prescribed in section 15-947,  
9 subsection E, the school plant fund limits prescribed in section 15-1102,  
10 subsection B, the maintenance and operation section of the budget or the  
11 capital outlay section of the budget. If the expenditures of any school  
12 district exceed these limits or sections of the budget without authorization  
13 as provided in section 15-907, and if the state board of education determines  
14 that the equalization assistance for education received by the school  
15 district as provided in section 15-971 does not conform with statutory  
16 requirements, the state board of education shall reduce the state aid for  
17 equalization assistance for education for the school district computed as  
18 provided in section 15-971 during the fiscal year subsequent to the fiscal  
19 year in which the excess equalization assistance for education was received  
20 by an amount equal to the excess equalization assistance for education,  
21 except that in case of hardship to the school district, the superintendent of  
22 public instruction may approve reductions partly in the first subsequent year  
23 and partly in the second subsequent year. If the state board of education  
24 determines that the equalization assistance for education received by the  
25 school district conforms with statutory requirements, the state board of  
26 education shall not reduce the district's equalization assistance for  
27 education pursuant to this subsection but the district shall reduce the  
28 budget limits as required in subsection M of this section. A school district  
29 that disagrees with the department of education's determination regarding an  
30 excess expenditure under this subsection may request a hearing before the  
31 state board of education.

32 M. The governing board of a school district shall reduce the general  
33 budget limit, the unrestricted capital budget limit or the soft capital  
34 allocation limit for the year subsequent to the year in which the  
35 expenditures were in excess of the applicable limit or section of the budget  
36 by the amount determined in subsection L of this section, except that in case  
37 of hardship to the school district, the superintendent of public instruction  
38 may approve reductions partly in the first subsequent year and partly in the  
39 second subsequent year. The reduction in the limit is applicable to each  
40 school district which has exceeded the general budget limit, the unrestricted  
41 capital budget limit, the soft capital allocation limit or a section of the  
42 budget even if the reduction exceeds the state aid for equalization  
43 assistance for education for the school district.

44 N. Except as provided in section 15-916, no expenditure shall be made  
45 by any school district for a purpose not included in the budget or in excess

1 of the aggregate budget limit prescribed in this section, except that if no  
2 budget has been adopted, from July 1 to July 15 the governing board may make  
3 expenditures if the total of the expenditures does not exceed ten per cent of  
4 the prior year's aggregate budget limit. Any expenditures made from July 1  
5 to July 15 and prior to the adoption of the budget shall be included in the  
6 total expenditures for the current year. No expenditure shall be made and no  
7 debt, obligation or liability shall be incurred or created in any year for  
8 any purpose itemized in the budget in excess of the amount specified for the  
9 item irrespective of whether the school district at any time has received or  
10 has on hand funds in excess of those required to meet the expenditures,  
11 debts, obligations and liabilities provided for under the budget except  
12 expenditures from cash controlled funds as defined by the uniform system of  
13 financial records and except as provided in section 15-907 and subsection G  
14 of this section. This subsection does not prohibit any school district from  
15 prepaying insurance premiums or magazine subscriptions, or from prepaying any  
16 item which is normally prepaid in order to procure the service or to receive  
17 a discounted price for the service, as prescribed by the uniform system of  
18 financial records.

19 0. The governing board of a school district which is classified as a  
20 heavily impacted school district having twenty per cent or more pupils  
21 pursuant to 20 United States Code section 238(d)1(A) may determine its  
22 eligibility to increase the amount that may be included in determining the  
23 general budget limit as provided in subsection K of this section and may  
24 increase the amount as follows:

25 1. For fiscal year 1988-1989:

26 (a) Multiply one thousand ninety-four dollars by the number of  
27 children with disabilities or children with specific learning disabilities,  
28 excluding children who also reside on Indian lands, reported to the division  
29 of impact aid, United States department of education in the district's  
30 application for fiscal year 1987-1988.

31 (b) Multiply five hundred forty-seven dollars by the number of  
32 children residing on Indian lands, excluding children who have disabilities  
33 or also have specific learning disabilities, reported to the division of  
34 impact aid, United States department of education in the district's  
35 application for fiscal year 1987-1988.

36 (c) Multiply one thousand nine hundred fourteen dollars by the number  
37 of children residing on Indian lands who have disabilities or also have  
38 specific learning disabilities reported to the division of impact aid, United  
39 States department of education in the district's application for fiscal year  
40 1987-1988.

41 (d) Add the amounts determined in subdivisions (a) through (c).

42 (e) If the amount of title VIII of the elementary and secondary  
43 education act of 1965 assistance as provided in subsection K of this section  
44 is less than the sum determined in subdivision (d) of this paragraph, the  
45 district is eligible to use the provisions of this subsection.

1           2. For budget years after 1988-1989, use the provisions of paragraph 1  
2 of this subsection, but increase each dollar amount by the growth rate for  
3 that year as prescribed by law, subject to appropriation and use the number  
4 of children reported in the appropriate category for the current fiscal year.

5           3. If the district is eligible to use the provisions of this  
6 subsection, subtract the amount of title VIII of the elementary and secondary  
7 education act of 1965 assistance determined in subsection K of this section  
8 from the sum determined in paragraph 1, subdivision (d) of this subsection.  
9 The difference is the increase in the amount that may be included in  
10 determining the general budget limit as provided in subsection K of this  
11 section, if including this amount does not increase the district's primary  
12 tax rate for the budget year. If the amount of title VIII of the elementary  
13 and secondary education act of 1965 assistance determined in subsection K of  
14 this section is adjusted for the current year, the increase determined in  
15 this paragraph shall be recomputed using the adjusted amount and the  
16 recomputed increase shall be reported to the department of education by May  
17 15 on a form prescribed by the department of education.

18           4. If a district uses the provisions of this subsection, the district  
19 is not required to adjust its budget for the current year based on  
20 adjustments in the estimated amount of title VIII of the elementary and  
21 secondary education act of 1965 assistance as provided in subsection K of  
22 this section.

23           P. A school district, except for an accommodation school, which  
24 applies for title VIII of the elementary and secondary education act of 1965  
25 assistance during the current year may budget an amount for title VIII of the  
26 elementary and secondary education act of 1965 administrative costs for the  
27 budget year. The amount budgeted for title VIII of the elementary and  
28 secondary education act of 1965 administrative costs is exempt from the  
29 revenue control limit and may not exceed an amount determined for the  
30 budgeted year as follows:

31           1. Determine the minimum cost. The minimum cost for fiscal year  
32 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year  
33 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior  
34 year increased by the growth rate as prescribed by law, subject to  
35 appropriation.

36           2. Determine the hourly rate. The hourly rate for fiscal year  
37 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and  
38 thereafter, the hourly rate is the hourly rate for the prior year increased  
39 by the growth rate as prescribed by law, subject to appropriation.

40           3. Determine the title VIII of the elementary and secondary education  
41 act of 1965 revenues available by subtracting the amount of title VIII of the  
42 elementary and secondary education act of 1965 assistance used to increase  
43 the general budget limit as provided in subsections K and O of this section  
44 for the current fiscal year from the total amount of title VIII of the

1 elementary and secondary education act of 1965 revenues received in the  
2 current fiscal year.

3 4. Determine the total number of administrative hours as follows:

4 (a) Determine the sum of the following:

5 (i) 1.00 hours for each high impact pupil who is not disabled or does  
6 not have specific learning disabilities.

7 (ii) 1.25 hours for each high impact pupil who is disabled or has  
8 specific learning disabilities.

9 (iii) 0.25 hours for each low impact pupil who is not disabled or does  
10 not have specific learning disabilities.

11 (iv) 0.31 hours for each low impact pupil who is disabled or has  
12 specific learning disabilities.

13 (b) For the purposes of this paragraph:

14 (i) "High impact pupil" means a pupil who resides on Indian lands or a  
15 pupil who resides on federal property or in low rent housing and whose parent  
16 is employed on federal property or low rent housing property or is on active  
17 duty in uniformed service, as provided in title VIII of the elementary and  
18 secondary education act of 1965, section 8003(a) (20 United States Code  
19 section 7703) and as reported in the application for title VIII of the  
20 elementary and secondary education act of 1965 assistance in the current  
21 year.

22 (ii) "Low impact pupil" means a pupil who resides on nonfederal  
23 property and has a parent who is employed on federal property or low rent  
24 housing property or is on active duty in a uniformed service or a pupil who  
25 resides on federal property or in low rent housing and who does not have a  
26 parent who is employed on federal property or low rent housing property or is  
27 on active duty in uniformed service, as provided in title VIII of the  
28 elementary and secondary education act of 1965, section 8003(a) (20 United  
29 States Code section 7703) and as reported in the application for title VIII  
30 of the elementary and secondary education act of 1965 assistance in the  
31 current year.

32 5. Multiply the total number of administrative hours determined in  
33 paragraph 4 of this subsection by the hourly rate determined in paragraph 2  
34 of this subsection.

35 6. Determine the greater of the minimum cost determined in paragraph 1  
36 of this subsection or the product determined in paragraph 5 of this  
37 subsection.

38 7. Add to the amount determined in paragraph 6 of this subsection the  
39 amount, if any, to be expended by the school district in the budget year  
40 through an intergovernmental agreement with other school districts or the  
41 department of education to provide title VIII of the elementary and secondary  
42 education act of 1965 technical assistance to participating districts.

43 8. Determine the lesser of the amount determined in paragraph 7 of  
44 this subsection or the revenues available as determined in paragraph 3 of  
45 this subsection.

1           9. The amount determined in paragraph 8 of this subsection is the  
2 maximum amount which may be budgeted for title VIII of the elementary and  
3 secondary education act of 1965 administrative costs for the budget year as  
4 provided in this subsection.

5           10. If the governing board underestimated the amount that may be  
6 budgeted for title VIII of the elementary and secondary education act of  
7 1965, section 8007 administrative costs for the current year, the board may  
8 adjust the general budget limit and the budget before May 15. If the  
9 governing board overestimated the amount that may be budgeted for title VIII  
10 of the elementary and secondary education act of 1965 administrative costs  
11 for the current year, the board shall adjust the general budget limit and the  
12 budget before May 15.

13           Q. If a school district governing board has adopted a budget for a  
14 fiscal year based on forms and instructions provided by the auditor general  
15 and the department of education for that fiscal year and if, as a result of  
16 the enactment or nonenactment of proposed legislation after May 1 of the  
17 previous fiscal year, the budget is based on incorrect limits, does not  
18 include items authorized by law or does not otherwise conform with law, the  
19 governing board may revise its budget at a public hearing on or before  
20 September 15 to conform with the law. Not later than September 18, the  
21 budget as adjusted shall be submitted electronically to the superintendent of  
22 public instruction. If the governing board does not revise the budget on or  
23 before September 15 and if the budget includes any items not authorized by  
24 law or if the budget exceeds any limits, the governing board shall adjust or  
25 revise the budget as provided in subsection E of this section.

26           R. NOTWITHSTANDING ANY OTHER LAW, IF A SCHOOL DISTRICT RECEIVES  
27 ASSISTANCE PURSUANT TO TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION  
28 ACT OF 1965, THE SCHOOL DISTRICT SHALL ESTABLISH A LOCAL LEVEL FUND  
29 DESIGNATED AS THE IMPACT AID FUND AND DEPOSIT THE IMPACT AID MONIES RECEIVED  
30 IN THE FUND. THE SCHOOL DISTRICT SHALL SEPARATELY ACCOUNT FOR MONIES IN THE  
31 FUND AND SHALL NOT COMBINE MONIES IN THE FUND WITH ANY OTHER SOURCE OF LOCAL,  
32 STATE OR FEDERAL ASSISTANCE. MONIES IN THE FUND SHALL BE EXPENDED PURSUANT  
33 TO FEDERAL LAW ONLY FOR THE PURPOSES ALLOWED BY THIS TITLE. THE SCHOOL  
34 DISTRICT SHALL ACCOUNT FOR MONIES IN THE FUND ACCORDING TO THE UNIFORM SYSTEM  
35 OF FINANCIAL RECORDS AS PRESCRIBED BY THE AUDITOR GENERAL. THE  
36 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL SEPARATELY ACCOUNT FOR MONIES IN  
37 EACH SCHOOL DISTRICT'S IMPACT AID FUND, IF AN IMPACT AID FUND IS ESTABLISHED,  
38 IN THE ANNUAL REPORT REQUIRED BY SECTION 15-255. MONIES IN THE FUND ARE  
39 CONSIDERED FEDERAL MONIES AND ARE NOT SUBJECT TO LEGISLATIVE APPROPRIATION.

40           ~~R.~~ S. For the purposes of this section, "title VIII of the elementary  
41 and secondary education act of 1965 assistance" means, for the current year,  
42 an amount equal to the final determination of title VIII of the elementary  
43 and secondary education act of 1965 assistance for the fiscal year preceding  
44 the current year as confirmed by the division of impact aid, United States  
45 department of education or, if a final determination has not been made, the



1 amount estimated by the superintendent of public instruction as confirmed by  
2 the division of impact aid, United States department of education and, for  
3 the budget year, an amount equal to the determination of title VIII of the  
4 elementary and secondary education act of 1965 assistance for the fiscal year  
5 preceding the budget year as estimated by the superintendent of public  
6 instruction.

7 Sec. 17. Section 15-1024, Arizona Revised Statutes, is amended to  
8 read:

9 15-1024. Interest on bonds; sale; disposition of proceeds;  
10 definition

11 A. The bonds shall bear interest, payable semiannually at the rate or  
12 rates set by the accepted bid, which shall not exceed the maximum rate of  
13 interest set forth in the resolution calling the election. The bonds may be  
14 made payable at such place within the United States as the governing board of  
15 the school district directs and shall be sold in the manner prescribed by the  
16 governing board of the school district for not less than par.

17 B. The proceeds of the sale of the bonds shall be deposited in the  
18 county treasury to the credit of the bond building fund of the school  
19 district. Such deposits may be drawn out for the purposes authorized by this  
20 article as other school monies are drawn. If a balance remains in the bond  
21 building fund after the acquisition or construction of facilities is  
22 completed for which the bonds were issued and upon written request of the  
23 governing board:

24 1. If the school district has outstanding bonded indebtedness, the  
25 balance remaining in the bond building fund shall be transferred to the debt  
26 service fund of the district.

27 2. If the district has no outstanding bonded indebtedness, the balance  
28 remaining in the bond building fund shall be transferred to the general fund  
29 of the district.

30 C. When bonds are sold and the proceeds are not required to be used  
31 for a period of ten days or more, such proceeds may be invested as provided  
32 by section 15-1025, subsection B. All monies earned as interest or otherwise  
33 derived from the investment of the proceeds of the sale of the bonds shall be  
34 credited to the debt service fund, except that **UPON THE REQUEST OF THE**  
35 **DISTRICT, THE MONIES EARNED AS INTEREST SHALL BE DEPOSITED TO THE BOND**  
36 **BUILDING FUND IF FEDERAL LAWS OR RULES REQUIRE THE INTEREST TO BE USED FOR**  
37 **CAPITAL EXPENDITURES OR** the monies **EARNED AS INTEREST** shall be credited to  
38 the bond building fund if the voters authorized such use of the monies in a  
39 separate question at the bond election. The separate question shall inform  
40 the voters that the monies will be credited to the debt service fund, and may  
41 therefore reduce the amount of the secondary property tax, if the measure  
42 authorizing the monies to be credited to the bond building fund does not  
43 pass.

1 D. The amount of net premium associated with a bond issue may not  
2 exceed the greater of:

- 3 1. Two per cent of the par value of the bond issue.
- 4 2. One hundred thousand dollars.

5 E. Any net premium not used to pay the costs of the bond issue shall  
6 be deposited in a debt service fund and used to pay interest on the bonds.

7 F. For purposes of this section "net premium" means the difference  
8 between the par amount of the bond issue and the bond issue price determined  
9 pursuant to United States treasury regulations.

10 Sec. 18. Title 15, chapter 10, Arizona Revised Statutes, is amended by  
11 adding article 12, to read:

12 ARTICLE 12. E-RATE

13 15-1261. E-rate application; fund

14 A. ALL SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT ARE ELIGIBLE FOR  
15 E-RATE PRIORITY ONE FUNDING AS AUTHORIZED BY THE TELECOMMUNICATIONS ACT OF  
16 1996 MAY APPLY FOR FUNDING. ELIGIBLE SCHOOL DISTRICTS AND CHARTER SCHOOLS  
17 MAY SUBMIT APPLICATIONS WITH ASSISTANCE OF THE GOVERNMENT INFORMATION  
18 TECHNOLOGY AGENCY.

19 B. ALL SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT RECEIVE E-RATE  
20 FUNDING SHALL ESTABLISH AN E-RATE FUND. ANY MONIES IN THE FUND MAY BE USED  
21 TO REIMBURSE THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR BROADBAND INTERNET AND  
22 TELECOMMUNICATIONS COSTS.

23 Sec. 19. Section 15-1626, Arizona Revised Statutes, is amended to  
24 read:

25 15-1626. General administrative powers and duties of board

26 A. The board shall:

27 1. Have and exercise the powers necessary for the effective governance  
28 and administration of the institutions under its control. To that end, the  
29 board may adopt, and authorize each university to adopt, such regulations,  
30 policies, rules or measures as are deemed necessary and may delegate in  
31 writing to its committees, to its university presidents, or their designees,  
32 or to other entities under its control, any part of its authority for the  
33 administration and governance of such institutions, including those powers  
34 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs  
35 3, 4, 8, 9, 11 and 12 of this subsection and subsection B of this section.  
36 Any delegation of authority may be rescinded by the board at any time in  
37 whole or in part.

38 2. Appoint and employ and determine the compensation of presidents  
39 with such power and authority and for such purposes in connection with the  
40 operation of the institutions as the board deems necessary.

41 3. Appoint and employ and determine the compensation of  
42 vice-presidents, deans, professors, instructors, lecturers, fellows and such  
43 other officers and employees with such power and authority and for such  
44 purposes in connection with the operation of the institutions as the board

1 deems necessary, or delegate its authority pursuant to paragraph 1 of this  
2 subsection.

3 4. Remove any officer or employee when the interests of education in  
4 this state so require in accordance with its personnel rules and policies.

5 5. Fix tuitions and fees to be charged and differentiate the tuitions  
6 and fees between institutions and between residents, nonresidents,  
7 undergraduate students, graduate students, students from foreign countries  
8 and students who have earned credit hours in excess of the credit hour  
9 threshold. For the purposes of this paragraph, the undergraduate credit hour  
10 threshold is ~~one hundred fifty-five hours for students who attend a~~  
11 ~~university under the jurisdiction of the board in fiscal year 2006-2007, one~~  
12 ~~hundred fifty hours for students who attend a university under the~~  
13 ~~jurisdiction of the board in fiscal year 2007-2008 and~~ one hundred forty-five  
14 hours for students who attend a university under the jurisdiction of the  
15 board ~~after fiscal year 2007-2008~~. The undergraduate credit hour threshold  
16 shall be based on the actual full-time equivalent student enrollment counted  
17 on the ~~twenty-first day after classes begin for the fall semester of 2005~~  
18 ~~through 2008 and on the~~ forty-fifth day of every fall and spring semester  
19 ~~thereafter~~, divided by two, and any budget adjustment based on student  
20 enrollment shall occur in the fiscal year following the actual full-time  
21 equivalent student enrollment count. The undergraduate credit hour threshold  
22 shall not apply to degree programs that require credit hours above the credit  
23 hour threshold, credits earned in the pursuit of up to two baccalaureate  
24 degrees, credits earned in the pursuit of up to two state regulated  
25 licensures or certificates, credits earned in the pursuit of teaching  
26 certification, credits transferred from a private institution of higher  
27 education, credits transferred from an institution of higher education in  
28 another state, credits earned at another institution of higher education but  
29 that are not accepted as transfer credits at the university where the student  
30 is currently enrolled and credits earned by students who enroll at a  
31 university under the jurisdiction of the board more than twenty-four months  
32 after the end of that student's previous enrollment at a public institution  
33 of higher education in this state. On or before October 15 of each year, the  
34 board shall report to the joint legislative budget committee the number of  
35 students who were enrolled at universities under the jurisdiction of the  
36 board during the previous fiscal year who met or exceeded the undergraduate  
37 credit hour threshold prescribed in this paragraph. The amount of tuition,  
38 registration fees and other revenues included in the operating budget for the  
39 university adopted by the board as prescribed in paragraph 13 of this  
40 subsection shall be deposited, pursuant to sections 35-146 and 35-147. All  
41 other tuition and fee revenue shall be retained by each university for  
42 expenditure as approved by the board, except that the universities shall not  
43 use any tuition or fee revenue to fund or support an alumni association.

1           6. Except as provided in subsection I of this section, adopt rules to  
2 govern its tuition and fee setting process that provide for the following:

3           (a) At least one public hearing at each university as an opportunity  
4 for students and members of the public to comment ~~upon~~ ON any proposed  
5 increase in tuition or fees.

6           (b) Publication of the notice of public hearing at least ten days  
7 prior to the hearing in a newspaper of general circulation in Maricopa  
8 county, Coconino county and Pima county. The notice shall include the date,  
9 time and location of the public hearing.

10          (c) Public disclosure by each university of any proposed increases in  
11 tuition or fees at least ten days prior to the public hearing.

12          (d) Final board action on changes in tuition or fees shall be taken by  
13 roll call vote.

14 The procedural requirements of subdivisions (a), (b), (c) and (d) of this  
15 paragraph apply only to those changes in tuition or fees that require board  
16 approval.

17          7. Pursuant to section 35-115, submit a budget request for each  
18 institution under its jurisdiction that includes the estimated tuition and  
19 fee revenue available to support the programs of the institution as described  
20 in the budget request. The estimated available tuition and fee revenue shall  
21 be based on the tuition and registration fee rates in effect at the time the  
22 budget request is submitted with adjustments for projected changes in  
23 enrollment as provided by the board.

24          8. Establish curriculums and designate courses at the several  
25 institutions ~~which~~ THAT in its judgment will best serve the interests of this  
26 state.

27          9. Award such degrees and diplomas ~~upon~~ ON the completion of such  
28 courses and curriculum requirements as it deems appropriate.

29          10. Prescribe qualifications for admission of all students to the  
30 universities. The board shall establish policies for guaranteed admission  
31 that assure fair and equitable access to students in this state from public,  
32 private, charter and home schools. For the purpose of determining the  
33 qualifications of honorably discharged veterans, veterans are those persons  
34 who served in the armed forces for a minimum of two years and who were  
35 previously enrolled at a university or community college in this state. No  
36 prior failing grades received by the veteran at the university or community  
37 college in this state may be considered.

38          11. Adopt any energy conservation standards promulgated by the  
39 department of administration for the construction of new buildings.

40          12. Employ for such time and purposes as the board requires attorneys  
41 whose compensation shall be fixed and paid by the board. Litigation to which  
42 the board is a party and for which self-insurance is not provided may be  
43 compromised or settled at the direction of the board.

1           13. Adopt annually an operating budget for each university equal to the  
2 sum of appropriated general fund monies and the amount of tuition,  
3 registration fees and other revenues approved by the board and allocated to  
4 each university operating budget.

5           14. In consultation with the state board of education and other  
6 education groups, develop and implement a program to award honors  
7 endorsements to be affixed to the high school diplomas of qualifying high  
8 school pupils and to be included in the transcripts of pupils who are awarded  
9 endorsements. The board shall develop application procedures and testing  
10 criteria and adopt testing instruments and procedures to administer the  
11 program. In order to receive an honors endorsement, a pupil must demonstrate  
12 an extraordinary level of knowledge, skill and competency as measured by the  
13 testing instruments adopted by the board in mathematics, English, science and  
14 social studies. Additional subjects may be added at the determination of the  
15 board. The program is voluntary for pupils.

16           15. Require the publisher of each literary and nonliterary textbook  
17 used in the universities of this state to furnish computer software in a  
18 standardized format when software becomes available for nonliterary  
19 textbooks, to the Arizona board of regents from which braille versions of  
20 the textbooks may be produced.

21           16. Require universities that provide a degree in education to require  
22 courses that are necessary to obtain a provisional structured English  
23 immersion endorsement as prescribed by the state board of education.

24           17. ~~Beginning July 1, 2007,~~ Acquire United States flags for each  
25 classroom that are manufactured in the United States and that are at least  
26 two feet by three feet and hardware to appropriately display the United  
27 States flags, acquire a legible copy of the Constitution of the United States  
28 and the Bill of Rights, display the flags in each classroom in accordance  
29 with title 4 of the United States Code and display a legible copy of the  
30 Constitution of the United States and the Bill of Rights adjacent to the  
31 flag.

32           18. To facilitate the transfer of military personnel and their  
33 dependents to and from the public schools of this state, pursue, in  
34 cooperation with the state board of education, reciprocity agreements with  
35 other states concerning the transfer credits for military personnel and their  
36 dependents. A reciprocity agreement entered into pursuant to this paragraph  
37 shall:

38           (a) Address procedures for each of the following:

39           (i) The transfer of student records.

40           (ii) Awarding credit for completed course work.

41           (iii) Permitting a student to satisfy the graduation requirements  
42 prescribed in section 15-701.01 through the successful performance on  
43 comparable exit-level assessment instruments administered in another state.

1 (b) Include appropriate criteria developed by the state board of  
2 education and the Arizona board of regents.

3 19. Require a university to publicly post notices of all of its  
4 employment openings, including the title and description, instructions for  
5 applying and relevant contact information.

6 20. IN CONSULTATION WITH THE COMMUNITY COLLEGE DISTRICTS IN THIS STATE,  
7 DEVELOP AND IMPLEMENT COMMON EQUIVALENCIES FOR SPECIFIC LEVELS OF ACHIEVEMENT  
8 ON ADVANCED PLACEMENT EXAMINATIONS AND INTERNATIONAL BACCALAUREATE  
9 EXAMINATIONS IN ORDER TO AWARD COMMENSURATE POSTSECONDARY ACADEMIC CREDITS AT  
10 COMMUNITY COLLEGES AND PUBLIC UNIVERSITIES IN THIS STATE.

11 B. The board shall adopt personnel rules. All nonacademic employees  
12 of the universities are subject to these rules except for university  
13 presidents, university vice-presidents, university deans, legal counsel and  
14 administrative officers. The personnel rules shall be similar to the  
15 personnel rules under section 41-783. The rules shall include provisions for  
16 listing available positions with the department of economic security,  
17 competitive employment processes for applicants, probationary status for new  
18 nonacademic employees, nonprobationary status on successful completion of  
19 probation and due process protections of nonprobationary employees after  
20 discharge. The board shall provide notice of proposed rule adoption and an  
21 opportunity for public comment on all personnel rules proposed for adoption.

22 C. In conjunction with the auditor general, the board shall develop a  
23 uniform accounting and reporting system, which shall be reviewed by the joint  
24 legislative budget committee before final adoption by the board. The board  
25 shall require each university to comply with the uniform accounting and  
26 reporting system.

27 D. The board may employ legal assistance in procuring loans for the  
28 institutions from the United States government. Fees or compensation paid  
29 for such legal assistance shall not be a claim ~~upon~~ ON the general fund of  
30 this state but shall be paid from funds of the institutions.

31 E. The board shall approve or disapprove any contract or agreement  
32 entered into by the university of Arizona hospital with the Arizona health  
33 facilities authority.

34 F. The board may adopt policies ~~which~~ THAT authorize the institutions  
35 under its jurisdiction to enter into employment contracts with nontenured  
36 employees for periods of more than one year but not more than five years.  
37 The policies shall prescribe limitations on the authority of the institutions  
38 to enter into employment contracts for periods of more than one year but not  
39 more than five years, including the requirement that the board approve the  
40 contracts.

41 G. The board may adopt a plan or plans for employee benefits ~~which~~  
42 THAT allow for participation in a cafeteria plan that meets the requirements  
43 of the United States internal revenue code of 1986.

44 H. The board may establish a program for the exchange of students  
45 between the universities under the jurisdiction of the board and colleges and

1 universities located in the state of Sonora, Mexico. Notwithstanding  
2 subsection A, paragraph 5 of this section, the program may provide for  
3 in-state tuition at the universities under the jurisdiction of the board for  
4 fifty Sonoran students in exchange for similar tuition provisions for up to  
5 fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or  
6 universities. The board may direct the universities to work in conjunction  
7 with the Arizona-Mexico commission to coordinate recruitment and admissions  
8 activities.

9 I. Subsection A, paragraph 6, subdivisions (a), (b), (c) and (d) of  
10 this section do not apply to fee increases that are set by individual  
11 universities and that do not require approval by the Arizona board of regents  
12 before the fee increase becomes effective.

13 Sec. 20. Section 15-1781, Arizona Revised Statutes, is amended to  
14 read:

15 15-1781. Definitions

16 In this article, unless the context otherwise requires: ~~—~~

17 1. ~~"Board COMMISSION"~~ means the ~~Arizona board of regents~~ COMMISSION  
18 FOR POSTSECONDARY EDUCATION.

19 2. "QUALIFIED APPLICANT" OR "QUALIFIED STUDENT" MEANS AN ARIZONA  
20 RESIDENT WHO IS A CITIZEN OR LEGAL RESIDENT OF THE UNITED STATES OR WHO IS  
21 OTHERWISE LAWFULLY PRESENT IN THE UNITED STATES, WHO ATTENDS A QUALIFYING  
22 POSTSECONDARY INSTITUTION AND, IF ATTENDING A UNIVERSITY UNDER THE  
23 JURISDICTION OF THE ARIZONA BOARD OF REGENTS, WHO QUALIFIES FOR IN-STATE  
24 TUITION PURSUANT TO SECTION 15-1802.

25 3. "QUALIFYING POSTSECONDARY INSTITUTION" MEANS A REGIONALLY OR  
26 NATIONALLY ACCREDITED PUBLIC OR PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTION  
27 IN THIS STATE.

28 Sec. 21. Section 15-1782, Arizona Revised Statutes, is amended to  
29 read:

30 15-1782. Mathematics, science and special education teacher  
31 student loans; requirements; report

32 A. ~~Beginning with the spring semester of school year 2007-2008,~~ The  
33 ~~board~~ COMMISSION may grant loans from the mathematics, science and special  
34 education teacher student loan fund established by section 15-1784 to defray  
35 ~~in-state~~ tuition, instructional materials and mandatory fees of the education  
36 of students who are pursuing a teaching degree at a ~~university under the~~  
37 ~~jurisdiction of the board~~ QUALIFYING POSTSECONDARY INSTITUTION and who are  
38 deemed qualified by the ~~board~~ COMMISSION to receive these loans. Loans shall  
39 be granted on such terms and conditions as may be imposed by the ~~board~~  
40 COMMISSION and shall be distributed on a first come, first served basis.

41 B. The ~~board~~ COMMISSION shall grant loans to qualified applicants who  
42 ~~are classified as in-state students for tuition purposes pursuant to section~~  
43 ~~15-1802 and~~ agree to provide instruction in the ~~areas~~ AREA of mathematics,  
44 science or special education in a public school in this state.

1 C. The loans granted by the ~~board~~ COMMISSION shall be ~~sufficient to~~  
2 ~~fully USED TO~~ cover the costs of ~~resident~~ tuition and mandatory fees for each  
3 loan recipient and may also defray the cost of instructional materials, BUT  
4 SHALL NOT EXCEED SEVEN THOUSAND DOLLARS EACH YEAR, EXCLUDING ALL GRANTS,  
5 SCHOLARSHIPS AND TUITION BENEFITS SUCH AS MILITARY, TRIBAL AND EMPLOYEE  
6 GRANTS, SCHOLARSHIPS AND BENEFITS. ~~If an applicant qualifies for federal~~  
7 ~~financial aid and receives federal grant aid, the loan amount shall be~~  
8 ~~limited to the amount of tuition and mandatory fees not covered by the~~  
9 ~~federal grant aid and may include a stipend for instructional materials.~~

10 D. The ~~board~~ COMMISSION shall adopt policies for screening qualified  
11 applicants based on ability, ~~character~~ and financial need, INCLUDING  
12 REQUIRING ALL APPLICANTS TO COMPLETE A FREE APPLICATION FOR STUDENT FEDERAL  
13 AID.

14 E. The ~~board~~ COMMISSION shall grant loans on the terms and conditions  
15 the ~~board~~ COMMISSION imposes. The ~~board~~ COMMISSION shall establish  
16 procedures for the timely repayment of loans plus interest at a rate  
17 determined by the ~~board~~ COMMISSION. The ~~board~~ COMMISSION is responsible for  
18 the collection of ~~loans that are in default~~ LOAN REPAYMENTS.

19 F. The ~~board~~ COMMISSION may ~~delegate authority to administer the loans~~  
20 ~~pursuant to this article to an institution under the jurisdiction of the~~  
21 ~~board~~ PARTNER WITH QUALIFYING POSTSECONDARY INSTITUTIONS TO ADMINISTER THESE  
22 LOANS. ~~If the board delegates authority, students pursuing a teaching degree~~  
23 ~~at each institution under the jurisdiction of the board shall be equally~~  
24 ~~eligible to participate.~~ The ~~board~~ COMMISSION shall ~~retain responsibility of~~  
25 ~~making~~ PROVIDE initial public notice of the availability of the loans and  
26 collect the application forms directly from each qualified applicant. The  
27 ~~board~~ COMMISSION shall forward ~~the applications to the institution selected~~  
28 ~~to administer the loans~~ A REQUEST FOR VERIFICATION OF ATTENDANCE,  
29 SATISFACTORY ACADEMIC PROGRESS, FINANCIAL NEED AND ENROLLMENT IN A QUALIFIED  
30 PROGRAM TO THE INSTITUTION.

31 G. On or before December 1 of each year, the ~~Arizona board of regents~~  
32 COMMISSION shall submit an approved report to the governor, the speaker of  
33 the house of representatives, the president of the senate and the joint  
34 legislative budget committee. The ~~board~~ COMMISSION shall provide a copy of  
35 this report to the secretary of state ~~and the director of the Arizona state~~  
36 ~~library, archives and public records.~~ The report shall include the number of  
37 applicants, the number of loan recipients, the ~~university~~ QUALIFYING  
38 POSTSECONDARY INSTITUTION each loan recipient attends, the name of THE school  
39 at which each loan recipient is employed, the number of good cause repayment  
40 exceptions granted by the ~~board~~ COMMISSION, the reason for each good cause  
41 exception granted and teacher retention data. The ~~board~~ COMMISSION shall  
42 collect and maintain data on the retention of mathematics, science and  
43 special education teachers who received loans pursuant to this article. The  
44 ~~board~~ COMMISSION shall collect this data for at least five years after each  
45 loan recipient completes the recipient's service commitment.



1           Sec. 22. Section 15-1783, Arizona Revised Statutes, is amended to  
2 read:

3           15-1783. Mathematics, science and special education teacher  
4                           student loans; interest; obligations; repayment;  
5                           authority of attorney general

6           A. Each applicant who is approved for a loan by the ~~board~~ COMMISSION  
7 may be granted a loan for a period of up to five years.

8           B. The ~~board~~ COMMISSION, on behalf of this state, shall enter into a  
9 written contract with the QUALIFIED student. The contract shall set forth  
10 the methods and terms of repayment by the loan recipient to this state and  
11 shall be on terms and conditions and in a form provided by the ~~board~~  
12 COMMISSION. The contract shall provide for the following:

13           1. The loan recipient shall begin the service commitment providing  
14 instruction in the ~~areas~~ AREA of mathematics, science or special education in  
15 a public school in this state within one calendar year after attaining a  
16 bachelor's degree at ~~an accredited university in this state~~ A QUALIFYING  
17 POSTSECONDARY INSTITUTION. The service commitment shall be full-time as  
18 determined by the ~~board~~ COMMISSION and requires one year of service for each  
19 year of loan support plus one additional year of service.

20           2. If the loan recipient engages in postgraduate studies without a  
21 lapse of more than one calendar year following the completion of the loan  
22 recipient's bachelor's degree at ~~an accredited university in this state~~ A  
23 QUALIFYING POSTSECONDARY INSTITUTION, the loan recipient shall begin the  
24 service commitment required under paragraph 1 within one calendar year after  
25 completing postgraduate studies.

26           3. If the loan recipient is inducted into military service, or for any  
27 other cause beyond the loan recipient's control deemed sufficient by the  
28 ~~board~~ COMMISSION is unable to begin the service commitment required under  
29 paragraph 1 within one calendar year after completing a bachelor's degree and  
30 any graduate studies, the loan recipient shall begin the service commitment  
31 required under paragraph 1 within one calendar year after completing the  
32 required military service or the termination of any other cause.

33           4. If the loan recipient fulfills the service commitment required  
34 under paragraph 1 in a public school in this state or while completing  
35 military service resulting from induction, the loan recipient's indebtedness  
36 to this state may be discharged in one of the following ways:

37           (a) One year of full-time service required under paragraph 1 for each  
38 year of loan support plus one additional year of service.

39           (b) Repayment to this state of the total loan amount for each year of  
40 support with interest at the rate prescribed in subsection C.

41           5. If the loan recipient fails to complete the required course of  
42 study, if the course of study is interrupted by one academic year or more for  
43 a cause or causes not resulting from induction into military service or any  
44 other cause beyond the loan recipient's control deemed sufficient by the  
45 ~~board~~ COMMISSION or if the loan recipient fails to fully discharge the

1 service commitment required under paragraph 1, except for delays resulting  
2 from an excusable cause as prescribed in this section, the amount of the loan  
3 not repaid or fully discharged shall be due and payable with interest at the  
4 rate prescribed in subsection C. The ~~board~~ COMMISSION may extend the time of  
5 payment over a period not exceeding fifteen years and shall not require  
6 payment of interest during the existence of any excusable cause as prescribed  
7 in this section.

8 6. If the loan recipient does not begin the service commitment  
9 required under paragraph 1 within the time prescribed in this section but  
10 paid an agreed part of the loan, the ~~board~~ COMMISSION may allow the loan  
11 recipient to discharge the balance of the obligation by subsequent teaching  
12 in this state.

13 7. If the loan recipient dies during the period of the loan  
14 recipient's education or practice as a teacher, the loan recipient's  
15 obligation to this state under this article ceases.

16 C. The loan recipient shall repay the full amount borrowed at an  
17 interest rate of at least seven per cent.

18 D. On receipt of supporting documentation, the ~~board~~ COMMISSION for  
19 good cause shown may defer the loan recipient's service commitment or  
20 repayment obligation or may enter into repayment arrangements with the loan  
21 recipient or allow service that is equivalent to full-time service if the  
22 ~~board~~ COMMISSION determines that this action is justified after a review of  
23 the individual's circumstances. At the discretion of the ~~board~~ COMMISSION,  
24 the ~~board~~ COMMISSION may allow service by teaching in another area of  
25 recognized need in this state that is not specified in the QUALIFIED  
26 student's contract, but only following prior written approval by the ~~board~~  
27 COMMISSION.

28 E. The attorney general may commence whatever actions are necessary to  
29 enforce the contract and achieve repayment of loans provided by the ~~board~~  
30 COMMISSION pursuant to this article.

31 Sec. 23. Section 15-1784, Arizona Revised Statutes, is amended to  
32 read:

33 15-1784. Mathematics, science and special education teacher  
34 student loan fund

35 A. The mathematics, science and special education teacher student loan  
36 fund is established. All monies appropriated to carry out the purposes of  
37 sections 15-1782 and 15-1783 shall be deposited in the fund, and all payments  
38 of principal and interest that are received by the ~~board~~ COMMISSION shall be  
39 deposited, pursuant to sections 35-146 and 35-147, in the fund.

40 B. Monies in the fund are continuously appropriated for use by the  
41 ~~board~~ COMMISSION. THE COMMISSION MAY RETAIN UP TO TEN PER CENT OF THE AMOUNT  
42 DEPOSITED EACH FISCAL YEAR IN THE FUND FOR THE PURPOSES OF ADMINISTERING THE  
43 LOAN PROGRAM ESTABLISHED BY THIS ARTICLE AND MAY USE THE INTEREST DEPOSITED  
44 IN THE FUND TO COVER THE ADMINISTRATIVE COSTS OF THE LOAN REPAYMENT  
45 RESPONSIBILITIES ESTABLISHED BY THIS ARTICLE.

1 C. On notice from the ~~board~~ COMMISSION, the state treasurer shall  
2 invest and divest monies in the fund as provided by section 35-313, and  
3 monies earned from investment shall be credited to the fund.

4 Sec. 24. Section 15-1851, Arizona Revised Statutes, is amended to  
5 read:

6 15-1851. Commission for postsecondary education; purpose;  
7 report; members; terms; powers and duties;  
8 compensation; quorum; immunity; definition

9 A. The commission for postsecondary education is established and shall  
10 administer the applicable programs identified under section 1203 of the  
11 higher education act amendments of 1998 (P.L. 105-244), including the  
12 leveraging educational assistance partnership program, the federal family  
13 education loan program and the Paul Douglas teacher scholarships program, and  
14 shall supervise the state guarantee agency under the higher education act  
15 amendments of 1998.

16 B. In addition to the responsibilities prescribed in subsection A of  
17 this section, the commission shall:

18 1. Provide a forum to public and private postsecondary education  
19 institutions for discussion of issues of mutual interest, including the  
20 following:

21 (a) The postsecondary needs of unserved and underserved individuals in  
22 this state.

23 (b) The resources of public and private institutions, organizations  
24 and agencies that are located in this state and that are capable of providing  
25 postsecondary education opportunities.

26 (c) Enrollment demand and public policy options to meet statewide  
27 needs for postsecondary education services.

28 (d) Cooperative comprehensive instructional and capital planning.

29 2. Provide reports pursuant to this subsection on discussions of  
30 issues of mutual interest.

31 3. Coordinate and promote collaborative studies on issues of mutual  
32 interest to public and private postsecondary education institutions.

33 4. Compile and disseminate information to the public regarding  
34 postsecondary education opportunities in this state.

35 5. Prepare an annual report that summarizes the results of the  
36 commission's activities prescribed in this section and section 15-1852. The  
37 annual report shall be submitted to the speaker of the house of  
38 representatives, the president of the senate, the governor and the Arizona  
39 state library, archives and public records by December 28.

40 6. ADMINISTER THE MATHEMATICS, SCIENCE AND SPECIAL EDUCATION TEACHER  
41 STUDENT LOAN PROGRAM ESTABLISHED BY CHAPTER 13, ARTICLE 11 OF THIS TITLE.

42 C. The commission consists of the executive director of the Arizona  
43 board of regents, the executive director of the state board for private  
44 postsecondary education and the following additional members who shall be  
45 appointed by the governor pursuant to section 38-211:

- 1           1. Two members who hold senior executive or managerial positions in a  
2 university under the jurisdiction of the Arizona board of regents.
- 3           2. Two members who hold senior executive or managerial positions in a  
4 community college district, one representing a community college district in  
5 a county with a population of five hundred thousand persons or more and one  
6 representing a community college district in a county with a population of  
7 less than five hundred thousand persons.
- 8           3. Two members who hold senior executive or managerial positions in  
9 private postsecondary institutions of higher education that are licensed  
10 under title 32, chapter 30, that are located in this state, that offer  
11 bachelor or higher degrees and that are accredited by a regional  
12 accreditation agency approved by the United States department of education.
- 13           4. Two members who hold senior executive or managerial positions in  
14 private postsecondary institutions of higher education that are licensed  
15 under title 32, chapter 30, that are located in this state, that offer  
16 vocational education programs and that are accredited by a national  
17 accreditation agency approved by the United States department of education.
- 18           5. One member who holds a senior executive or managerial position in a  
19 private cosmetology school that is licensed under title 32, chapter 5, that  
20 is located in this state, that offers cosmetology programs approved by the  
21 board of cosmetology and that is accredited by a national accreditation  
22 agency approved by the United States department of education.
- 23           6. One member who holds a senior executive or managerial position in  
24 an institution that is licensed under title 32, chapter 23 or under ~~the~~  
25 ~~provisions of~~ 14 Code of Federal Regulations part 147, that offers vocational  
26 education programs at the postsecondary level, that is located in this state  
27 and that is not an institution that is qualified under any other category.
- 28           7. One member who has held a senior executive or managerial level  
29 position in commerce or industry in this state for at least three years  
30 before the member's appointment and who is not qualified to serve under any  
31 other category.
- 32           8. Two members who hold senior executive or managerial positions in  
33 the high school education system in this state.
- 34           9. One member who is an owner, operator or administrator of a charter  
35 school in this state.
- 36           D. Members of the commission appointed pursuant to subsection C,  
37 paragraphs 1 through 9 of this section shall serve four year terms. Appointed  
38 members of the commission shall be residents of this state. Appointed members  
39 of the commission at all times during their terms shall continue to be  
40 eligible for appointment under the category that they were appointed to  
41 represent. Terms of appointed members of the commission begin on the third  
42 Monday in January. No appointed member of the commission may serve more than  
43 two consecutive terms.

1 E. The executive director of the Arizona board of regents and the  
2 executive director of the state board for private postsecondary education  
3 serve as members of the commission during their respective terms of office  
4 and are not eligible to vote with respect to the commission's review of any  
5 postsecondary institution.

6 F. Members appointed pursuant to subsection C, paragraphs 1 through 9  
7 of this section are eligible to receive compensation pursuant to section  
8 38-611 for each day spent in the performance of commission duties and may be  
9 reimbursed for expenses properly incurred in connection with the attendance  
10 at meetings or hearings of the commission.

11 G. The governor shall appoint a chairman from among the members of the  
12 commission who shall serve a one year term that begins on the third Monday in  
13 January.

14 H. A majority of the members of the commission ~~constitutes~~ CONSTITUTE  
15 a quorum for the transaction of commission business. The vote of a majority  
16 of the quorum constitutes authority for the commission to act.

17 I. Members of the commission are immune from personal liability with  
18 respect to all actions that are taken in good faith and within the scope of  
19 the commission's authority.

20 J. For the purposes of this section, "community college district"  
21 means a community college district that is established pursuant to sections  
22 15-1402 and 15-1403 and that is a political subdivision of this state.

23 Sec. 25. Section 35-512, Arizona Revised Statutes, is amended to read:  
24 35-512. Authority to comply with federal income tax laws

25 A. The governing body of any department, agency, instrumentality of  
26 this state or any political subdivision may make any covenant, order any  
27 rebate, file any tax return, report any information and order the limitation  
28 on the yield of any investment made with the proceeds from the sale of its  
29 bonds or with taxes, revenues or other income pledged, held in trust or  
30 otherwise used to pay principal, interest and premium, if any, on its bonds  
31 in consideration for ~~retaining~~ ANY FEDERAL TAX BENEFITS, PAYMENTS OR CREDITS  
32 RELATING TO A BOND ISSUED UNDER ANY PROVISION OF LAW, INCLUDING FEDERAL TAX  
33 CREDITS, FEDERAL SUBSIDY PAYMENTS AND RETENTION OF the exemption from federal  
34 income taxes for the interest income on a bond issued ~~under any provision of~~  
35 ~~law~~.

36 B. To induce prospective purchasers to purchase bonds, the governing  
37 body of any department, agency or instrumentality of this state or any  
38 political subdivision may provide in any resolution, ordinance, indenture or  
39 contract authorizing or providing for the issuance of bonds, or in the bonds  
40 themselves, that in the event the interest on such bonds is declared to be  
41 subject to federal income taxation in a final decision of a court having  
42 jurisdiction in the matter and on such additional conditions as the governing  
43 body may prescribe, the interest rate, including prior interest paid if  
44 applicable, may increase to a predetermined rate. The predetermined rate may  
45 be calculated in any manner. This subsection shall not be construed to allow

1 interest rates to increase above the maximum rate that otherwise may be  
2 provided by law, election or contractual agreement.

3 Sec. 26. Title 41, chapter 32, article 1, Arizona Revised Statutes, is  
4 amended by adding section 41-3508, to read:

5 41-3508. Statewide e-rate program fund

6 A. THE STATEWIDE E-RATE PROGRAM FUND IS ESTABLISHED. THE GOVERNMENT  
7 INFORMATION TECHNOLOGY AGENCY SHALL ADMINISTER THE FUND. THE STATEWIDE  
8 E-RATE PROGRAM FUND SHALL CONSIST OF:

9 1. MONIES RECEIVED PURSUANT TO THE E-RATE PROGRAM UNDER THE  
10 TELECOMMUNICATIONS ACT OF 1996 OR OTHER GRANTS TO ASSIST THIS STATE IN  
11 IMPROVING BROADBAND INTERNET AND TELECOMMUNICATIONS ACCESS FOR PUBLIC SCHOOLS  
12 AND LIBRARIES IN THIS STATE.

13 2. MONIES RECEIVED AS A RESULT OF AN INTERGOVERNMENTAL AGREEMENT  
14 BETWEEN THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY AND OTHER POLITICAL  
15 SUBDIVISIONS OF THIS STATE.

16 3. MONIES RECEIVED FROM PRIVATE GRANTS OR DONATIONS IF DESIGNATED FOR  
17 THE FUND BY THE GRANTOR OR DONOR.

18 B. MONIES IN THE FUND SHALL BE USED TO ASSIST PUBLIC SCHOOL DISTRICTS,  
19 CHARTER SCHOOLS AND LIBRARIES TO SUBMIT APPLICATIONS FOR FUNDING PURSUANT TO  
20 SUBSECTION C AND TO FULFILL THE TERMS OF AN INTERGOVERNMENTAL AGREEMENT OR  
21 PRIVATE CONTRACT PURSUANT TO SUBSECTION D.

22 C. THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY SHALL DEVELOP POLICIES  
23 AND PROCEDURES FOR THE E-RATE APPLICATION FOR PUBLIC SCHOOL DISTRICTS,  
24 CHARTER SCHOOLS AND LIBRARIES IN THIS STATE, INCLUDING PROVIDING TECHNICAL  
25 ASSISTANCE.

26 D. THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY MAY ENTER INTO  
27 CONTRACTS WITH PRIVATE ORGANIZATIONS AND INTERGOVERNMENTAL AGREEMENTS WITH  
28 OTHER STATE AGENCIES AND POLITICAL SUBDIVISIONS OF THIS STATE TO ADMINISTER  
29 THE STATEWIDE E-RATE PROGRAM.

30 Sec. 27. Section 43-1089.01, Arizona Revised Statutes, is amended to  
31 read:

32 43-1089.01. Tax credit; public school fees and contributions;  
33 definitions

34 A. A credit is allowed against the taxes imposed by this title for the  
35 amount of any fees or cash contributions by a taxpayer or on the taxpayer's  
36 behalf pursuant to section 43-401, subsection ~~H~~ I during the taxable year to  
37 a public school located in this state for the support of extracurricular  
38 activities or character education programs of the public school, but not  
39 exceeding:

40 1. Two hundred dollars for a single individual or a head of household.

41 2. Three hundred dollars in taxable year 2005 for a married couple  
42 filing a joint return.

43 3. Four hundred dollars in taxable year 2006 and any subsequent  
44 taxable year for a married couple filing a joint return.

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

4 C. The credit allowed by this section is in lieu of any deduction  
5 pursuant to section 170 of the internal revenue code and taken for state tax  
6 purposes.

7 D. If the allowable tax credit exceeds the taxes otherwise due under  
8 this title on the claimant's income, or if there are no taxes due under this  
9 title, the taxpayer may carry the amount of the claim not used to offset the  
10 taxes under this title forward for not more than five consecutive taxable  
11 years' income tax liability.

12 E. The site council of the public school that receives contributions  
13 that are not designated for a specific purpose shall determine how the  
14 contributions are used at the school site. If a charter school does not have  
15 a site council, the principal, director or chief administrator of the charter  
16 school shall determine how the contributions that are not designated for a  
17 specific purpose are used at the school site.

18 F. A public school that receives fees or a cash contribution pursuant  
19 to subsection A of this section shall report to the department, in a form  
20 prescribed by the department, by February 28 of each year the following  
21 information:

22 1. The total number of fee and cash contribution payments received  
23 during the previous calendar year.

24 2. The total dollar amount of fees and contributions received during  
25 the previous calendar year.

26 3. The total dollar amount of fees and contributions spent by the  
27 school during the previous calendar year.

28 G. For the purposes of this section:

29 1. "Character education programs" means a program described in section  
30 15-719.

31 2. "Extracurricular activities" means school sponsored activities that  
32 require enrolled students to pay a fee in order to participate including fees  
33 for:

34 (a) Band uniforms.

35 (b) Equipment or uniforms for varsity athletic activities.

36 (c) Scientific laboratory materials.

37 (d) In-state or out-of-state trips that are solely for competitive  
38 events. Extracurricular activities do not include any senior trips or events  
39 that are recreational, amusement or tourist activities.

40 3. "PUBLIC SCHOOL" MEANS A SCHOOL THAT IS PART OF A SCHOOL DISTRICT, A  
41 JOINT TECHNICAL EDUCATION DISTRICT OR A CHARTER SCHOOL.

42 Sec. 28. Laws 2007, chapter 283, section 6 is amended to read:

43 Sec. 6. Unification; former common school districts

44 A. A common school district that is not within the boundaries of a  
45 high school district and that was authorized by the qualified electors to

1 establish a unified school district with boundaries coterminous with the  
2 boundaries of the common school district in an election held before the  
3 effective date of this section may continue calculating its budget and  
4 equalization assistance pursuant to section 15-951, Arizona Revised Statutes,  
5 until a high school is constructed for the newly formed unified school  
6 district, or until June 30, ~~2011~~ 2016, whichever occurs first.

7 B. A newly formed unified school district that meets the requirements  
8 of subsection A of this section and that phases in instruction for pupils in  
9 grades nine through twelve may continue calculating its budget and  
10 equalization assistance pursuant to section 15-951, Arizona Revised Statutes,  
11 for a maximum of three years after the first year of the operation of the new  
12 high school in the newly formed unified school district.

13 C. Notwithstanding this section or any other law, a school district  
14 shall not retroactively adjust its budget for any fiscal year pursuant to  
15 this section.

16 Sec. 29. Laws 2007, chapter 234, section 5, as amended by Laws 2008,  
17 chapter 111, section 9, is amended to read:

18 Sec. 5. Errors in school district budget calculation;  
19 correction

20 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
21 Statutes, a school district that miscalculated its fiscal year 2004-2005  
22 budget shall be required to correct the error over a five-year period  
23 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if  
24 each of the following conditions exist:

25 1. The school district provides evidence to the superintendent of  
26 public instruction that the school district's budget for the current year is  
27 properly calculated and will not result in any overexpenditures.

28 2. The total amount of the correction from the maintenance and  
29 operations fund that would otherwise be required under section 15-915,  
30 Arizona Revised Statutes, is more than two hundred twenty thousand dollars  
31 but less than two hundred forty thousand dollars.

32 3. The total amount of the correction from the unrestricted capital  
33 outlay fund that would otherwise be required under section 15-915, Arizona  
34 Revised Statutes, is more than three thousand dollars but less than five  
35 thousand dollars.

36 4. The average daily membership of the school district in fiscal year  
37 2004-2005 was more than eight hundred eighty but less than nine hundred  
38 forty.

39 B. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
40 Statutes, a school district that miscalculated its budgets during fiscal year  
41 2005-2006 shall correct the error over a six-year period beginning in fiscal  
42 year 2007-2008 and ending in fiscal year 2012-2013 if both of the following  
43 conditions exist:

44 1. The department of education erroneously doubled the amount that  
45 should have been calculated pursuant to section 15-905, subsection 0, Arizona



1 Revised Statutes, and that erroneous action resulted in an overstated general  
2 budget limit.

3 2. The total amount of the correction that would otherwise be required  
4 under this section is more than four hundred thousand dollars but less than  
5 one million two hundred thousand dollars.

6 C. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
7 Statutes, a school district that miscalculated its budgets during fiscal year  
8 2005-2006 shall be required to correct the error over a five-year period  
9 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if  
10 each of the following conditions exist:

11 1. The school district reported a total attending average daily  
12 membership count of more than one thousand one hundred pupils and less than  
13 one thousand two hundred pupils for the 2005-2006 school year in the annual  
14 report of the superintendent of public instruction for fiscal year 2005-2006.

15 2. The total amount of the correction that would otherwise be required  
16 under section 15-915, Arizona Revised Statutes, is more than four hundred  
17 thousand dollars but less than four hundred fifty thousand dollars.

18 D. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
19 Statutes, a school district that overexpended its budgets during fiscal years  
20 2003-2004, 2004-2005 and 2005-2006 is required to correct these  
21 overexpenditures plus any overexpenditures for fiscal year 2006-2007 ~~over a~~  
22 ~~nine-year period~~ in installments beginning in fiscal year ~~2008-2009 and~~  
23 ~~ending in fiscal year 2016-2017~~ 2010-2011. The annual installments,  
24 including the principal and interest, shall be five per cent in the first,  
25 ~~and second,~~ **THIRD AND FOURTH** fiscal years, ~~AND~~ ten per cent ~~in the third,~~  
26 ~~fourth and fifth fiscal years and fifteen per cent~~ in the remaining fiscal  
27 years. This subsection applies to a school district if each of the following  
28 conditions exist:

29 1. The total amount of the corrections for fiscal years 2003-2004,  
30 2004-2005 and 2005-2006 that would otherwise be required under section  
31 15-915, Arizona Revised Statutes, is more than three million dollars but less  
32 than three million four hundred thousand dollars.

33 2. The school district did not receive state aid for equalization  
34 assistance for education during fiscal year 2005-2006 or fiscal year  
35 2006-2007.

36 3. The school district's student count calculated pursuant to section  
37 15-902, Arizona Revised Statutes, during fiscal year 2005-2006 is more than  
38 eight hundred but less than nine hundred twenty.

39 E. In addition to the monies required to be repaid pursuant to  
40 subsections A, B, C and D of this section, accrued interest is required to be  
41 paid at a rate determined by the superintendent of public instruction.

42 Sec. 30. Repeal

43 Laws 2009, third special session, chapter 12, section 67 is repealed.

44 Sec. 31. Repeal

45 Laws 2009, third special session, chapter 12, section 70 is repealed.



1 Arizona Revised Statutes, is more than four hundred fifty thousand dollars  
2 but less than five hundred thousand dollars.

3 4. The average daily membership of the school district in fiscal year  
4 2008-2009 was more than four thousand but less than four thousand five  
5 hundred.

6 B. In addition to the monies required to be repaid pursuant to  
7 subsection A of this section, accrued interest shall be paid at a rate  
8 determined by the superintendent of public instruction.

9 Sec. 37. School districts; impact aid monies; offset;  
10 retroactivity

11 A. Notwithstanding any other law, for fiscal years 2009-2010 and  
12 2010-2011, a school district that has a primary and secondary property tax  
13 rate of zero for tax years 2009 and 2010 and that receives federal impact aid  
14 monies for fiscal years 2009-2010 and 2010-2011, which, when added to other  
15 revenues available to the school district, are in excess of the amount needed  
16 to fund budget limits established in law, may use all or a portion of those  
17 federal impact aid monies to offset the soft capital funding reduction that  
18 the school district would otherwise experience for fiscal years 2009-2010 and  
19 2010-2011 under this act and may adjust its applicable budget limits  
20 accordingly.

21 B. This section is effective retroactively to from and after June 30,  
22 2009.

23 Sec. 38. Effective dates

24 A. Sections 15-1781, 15-1782, 15-1783, 15-1784 and 15-1851, Arizona  
25 Revised Statutes, as amended by this act, are effective from and after June  
26 30, 2011.

27 B. Section 15-342, Arizona Revised Statutes, as amended by section 10  
28 of this act, is effective from and after June 30, 2013.

29 Sec. 39. Retroactivity

30 Sections 15-1024 and 35-512, Arizona Revised Statutes, as amended by  
31 this act apply retroactively to from and after May 30, 2009.