CHAPTER 12

HOUSE BILL 2011

AN ACT


(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 11-952, Arizona Revised Statutes, as amended by Laws 2005, chapter 273, section 2, is amended to read:

11-952. Intergovernmental agreements and contracts

A. If authorized by their legislative or other governing bodies, two or more public agencies or public procurement units by direct contract or agreement may contract for services or jointly exercise any powers common to the contracting parties and may enter into agreements with one another for joint or cooperative action or may form a separate legal entity, including a nonprofit corporation, to contract for or perform some or all of the services specified in the contract or agreement or exercise those powers jointly held by the contracting parties.

B. Any such contract or agreement shall specify the following:
1. Its duration.
2. Its purpose or purposes.
3. The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget therefor.
4. The permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon such partial or complete termination.
5. If a separate legal entity is formed pursuant to subsection A, the precise organization, composition, title and nature of the entity.
6. Any other necessary and proper matters.

C. No agreement made pursuant to this article shall relieve any public agency of any obligation or responsibility imposed upon it by law.

D. Except as provided in subsection E, every agreement or contract involving any public agency, board or commission made pursuant to this article shall, prior to its execution, be submitted to the attorney for each such public agency, board or commission, who shall determine whether the agreement is in proper form and is within the powers and authority granted under the laws of this state to such public agency, board or commission.

E. A federal department or agency which is a party to an agreement or contract made pursuant to this article is not required to submit the agreement or contract to the attorney for the federal department or agency unless required under federal law.

F. Any agreement or contract submitted to the attorney general shall be filed with the secretary of state and shall become effective on the date provided in the agreement. The secretary of state shall prepare a cross-index of the names of all public agencies which coordinate with the attorney general and secretary of state and file an agreement under this section.

G. Any agreement or contract submitted to an attorney other than the attorney general shall be filed with the secretary of state if the agreement affects more than one county and shall be filed with the county recorder if
only one county is affected and shall become effective on the date provided in the agreement.

H. F. Appropriate action by ordinance, OR resolution or otherwise pursuant to the laws applicable to the governing bodies of the participating agencies approving or extending the duration of the agreement or contract shall be necessary before any such agreement, contract or extension may be filed or become effective.

I. G. If a school district is a party to an agreement made pursuant to subsection A, the parties to such agreement may extend the duration of the agreement by notification to the secretary of state if the agreement is filed pursuant to subsection F. Such an agreement OR contract may be extended as many times as is desirable, but each extension may not exceed the duration of the previous agreement.

J. H. Payment for services under this section shall not be made unless pursuant to a fully approved written contract.

K. I. A person who authorizes payment of any monies in violation of this section is liable for the monies paid plus twenty per cent of such amount and legal interest from the date of payment.

L. J. Notwithstanding any other provision of law, public agencies may enter into a contract or agreement pursuant to this section with the superior court, justice courts and police courts for related services and facilities of such courts for a term not to exceed ten years, with the approval of such contract or agreement by the presiding judge of the superior court in the county in which the court or courts which THAT provide the facilities or services are located.

M. K. A county with a population of more than one million two hundred thousand persons may enter into an intergovernmental agreement with a city or town to allow the city or town to enforce the provisions of the county's ordinances regulating adult entertainment businesses and the county's building codes, excluding the issuance of licenses or permits, in a specified portion of the county. An intergovernmental agreement pursuant to this subsection shall apply only to a portion of a county that is entirely surrounded by one or more cities or towns.

Sec. 2. Section 11-952, Arizona Revised Statutes, as amended by Laws 2005, chapter 273, section 3, is amended to read:

11-952. Intergovernmental agreements and contracts

A. If authorized by their legislative or other governing bodies, two or more public agencies or public procurement units by direct contract or agreement may contract for services or jointly exercise any powers common to the contracting parties and may enter into agreements with one another for joint or cooperative action or may form a separate legal entity, including a nonprofit corporation, to contract for or perform some or all of the services specified in the contract or agreement or exercise those powers jointly held by the contracting parties.

B. Any such contract or agreement shall specify the following:

1. Its duration.
2. Its purpose or purposes.
3. The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget therefor.
4. The permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon such partial or complete termination.
5. If a separate legal entity is formed pursuant to subsection A, the precise organization, composition, title and nature of the entity.
6. Any other necessary and proper matters.
C. No agreement made pursuant to this article shall relieve any public agency of any obligation or responsibility imposed upon it by law.
D. Except as provided in subsection E, every agreement or contract involving any public agency, board or commission made pursuant to this article shall, prior to its execution, be submitted to the attorney for each such public agency, board or commission, who shall determine whether the agreement is in proper form and is within the powers and authority granted under the laws of this state to such public agency, board or commission.
E. A federal department or agency which is a party to an agreement or contract made pursuant to this article is not required to submit the agreement or contract to the attorney for the federal department or agency unless required under federal law.
F. Any agreement or contract submitted to the attorney general shall be filed with the secretary of state and shall become effective on the date provided in the agreement. The secretary of state shall prepare a cross-index of the names of all public agencies which coordinate with the attorney general and secretary of state and file an agreement under this section.
G. Any agreement or contract submitted to an attorney other than the attorney general shall be filed with the secretary of state if the agreement affects more than one county and shall be filed with the county recorder if only one county is affected and shall become effective on the date provided in the agreement.
H. Appropriate action by ordinance or resolution or otherwise pursuant to the laws applicable to the governing bodies of the participating agencies approving or extending the duration of the agreement or contract shall be necessary before any such agreement, contract or extension may be filed or become effective.
I. If a school district is a party to an agreement made pursuant to subsection A, the parties to such agreement may extend the duration of the agreement by notification to the secretary of state if the agreement is filed pursuant to subsection F. Such an agreement or contract may be extended as many times as is desirable, but each extension may not exceed the duration of the previous agreement.
J. Payment for services under this section shall not be made unless pursuant to a fully approved written contract.
K. I. A person who authorizes payment of any monies in violation of this section is liable for the monies paid plus twenty per cent of such amount and legal interest from the date of payment.

L. J. Notwithstanding any other provision of law, public agencies may enter into a contract or agreement pursuant to this section with the superior court, justice courts and police courts for related services and facilities of such courts for a term not to exceed ten years, with the approval of such contract or agreement by the presiding judge of the superior court in the county in which the court or courts which THAT provide the facilities or services are located.

Sec. 3. Section 15-105, Arizona Revised Statutes, is amended to read:

15-105. Early graduation scholarship program; fund; program termination; definition

A. Each school district or charter school that provides instruction in grades nine through twelve in this state shall participate in and promote to students an early graduation scholarship program.

B. The commission for postsecondary education shall develop application forms, procedures and deadlines to implement and administer the early graduation scholarship program in conjunction with the department of education and shall select eligible students each year for participation in the early graduation scholarship program. The school district or charter school that the student attends shall notify the department of education and the commission for postsecondary education if the student graduates at least one semester YEAR before the student's scheduled graduation date.

C. Participating full-time students who graduate—

1. at least one year early shall receive a scholarship grant in an amount not to exceed one thousand two hundred fifty dollars or the actual cost of tuition, books and fees, whichever is less, in the first academic year of postsecondary instruction, and an amount not to exceed seven hundred fifty dollars or the actual cost of tuition, books and fees, whichever is less, in the second academic year of postsecondary instruction, to be used to pay all or a portion of the tuition, books and fees charged at a qualifying postsecondary institution for a maximum of two academic years, which must be completed within thirty-six months after the student's actual graduation date from high school. The amount of a scholarship grant awarded to a participating part-time student enrolled at least half-time for the academic year as defined in 20 United States Code section 1088 shall be prorated in accordance with the part-time status of the student.

2. One semester early shall receive a scholarship grant in an amount not to exceed one thousand dollars or the actual cost of tuition, books and fees, whichever is less, in the first academic year of postsecondary instruction, and an amount not to exceed five hundred dollars or the actual cost of tuition, books and fees, whichever is less, in the second academic year of postsecondary instruction, to be used to pay all or a portion of the tuition, books and fees charged at a qualifying postsecondary institution for a maximum of two academic years, which must be completed within thirty-six months after the student's actual graduation date from high school.
months after the student's actual graduation date from high school. The
amount of a scholarship grant awarded to a participating part-time student
enrolled at least half-time for the academic year as defined in 20 United
States Code section 1088 shall be prorated in accordance with the part-time
status of the student.

D. A student who provides satisfactory proof to the commission for
postsecondary education that the student has met all of the following
criteria is eligible to submit an application for consideration for a
scholarship grant under the early graduation scholarship program:

1. The student has graduated from a charter school or a public high
school that is part of a school district in this state at least one semester
YEAR earlier than the student's class is scheduled to graduate.

2. The student has achieved a passing score on each component of the
Arizona instrument to measure standards test that is required for graduation
from high school.

3. The student is currently a resident of this state and has been a
resident of this state for at least the past twelve months.

4. The student has completed and submitted a free application for
federal student aid.

E. The school district or charter school from which the student
graduated shall include the student who graduates early in the school
district's or charter school's student count until the student's class is
scheduled to graduate and shall continue to receive per pupil funding minus
two thousand two hundred dollars for a student who graduates at least one
year early or one thousand seven hundred dollars for a student who graduates
one semester early, whichever is applicable, until the student's class is
scheduled to graduate. The school district or charter school shall place the
per pupil funding received in the school district's or charter school's
maintenance and operations fund.

F. The department of education shall transmit both of the following to
the commission for postsecondary education:

1. A list of early graduates with their identifying information,
cohort graduation date, early graduation date and high school of graduation.

2. Two thousand two hundred dollars for a student who graduates at
least one year early or one thousand seven hundred dollars for a student who
graduates one semester early, whichever is applicable, of the amount of per
pupil funding provided to a school district or charter school for a student
who graduates at least one semester YEAR early for deposit in the early
graduation scholarship fund established by this section.

G. The commission for postsecondary education shall make awards from
the early graduation scholarship fund for payment of tuition, books and fees
at qualifying postsecondary institutions to students who are selected to
participate in the early graduation scholarship program on verification of
admission, enrollment and certification of the cost of each student's tuition
and fees by the qualifying postsecondary institutions.
H. If the amount of monies available for scholarship grants in any fiscal year is insufficient to provide scholarship grants to all eligible applicants, the commission for postsecondary education shall award scholarship grants to eligible students in the order in which the applications were received by the commission, except that priority shall be given to eligible students who received a scholarship grant in the previous fiscal year and who are still in good academic standing at the same qualifying postsecondary institution or who transferred to a different qualifying postsecondary institution but remain in good academic standing at the previous qualifying postsecondary institution. The commission for postsecondary education shall maintain a waiting list for all other applicants.

I. A qualifying postsecondary institution shall notify the commission for postsecondary education if a student who has received a scholarship grant is no longer in good academic standing at the qualifying postsecondary institution or is no longer enrolled at the qualifying postsecondary institution.

J. The student or the qualifying postsecondary institution shall reimburse the early graduation scholarship fund for any unused scholarship grant funds received pursuant to subsection C of this section if the student does not complete the academic year as defined in 20 United States Code section 1088. A student shall complete the first year in good academic standing from a qualifying postsecondary institution before receiving monies for the second year from the early graduation scholarship fund.

K. A student who receives an early graduation scholarship grant shall be allowed, at no additional cost except for fees charged to all students, to both:
   1. Participate in extracurricular activities until the student's high school class is scheduled to graduate.
   2. Participate in the student's high school class graduation ceremonies.

L. The early graduation scholarship fund is established consisting of monies deposited pursuant to subsection F of this section and all repayments that are received pursuant to subsection J of this section. The commission for postsecondary education shall administer the fund. Monies in the fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to lapsing of appropriations. On notice from the commission, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from the investment shall be credited to the fund. The commission may retain up to five per cent of the monies in the fund for administrative costs. The commission may hire up to two full-time equivalent positions for the implementation and administration of the early graduation scholarship program.

M. The commission for postsecondary education shall submit an annual report by December 1 to the governor, the president of the senate and the speaker of the house of representatives and a copy of the report shall be
submitted to the secretary of state and the director of the Arizona state library, archives and public records. The report shall contain at least the following:

1. The number of students who graduated at least one year early and the number of students who graduated at least one semester early for each year of implementation of the program by each school district and charter school.

2. The number of scholarships provided pursuant to this section.

3. The average amount per scholarship provided pursuant to this section.

4. The balance in the early graduation scholarship fund.

5. The number of students using a scholarship to attend a regionally or nationally accredited public or private postsecondary institution and the number of students using a scholarship to attend a regionally or nationally accredited vocational program.

6. A description of how the commission expended monies for administrative costs of the program pursuant to subsection L of this section.

N. The program established by this section ends on July 1, 2017 pursuant to section 41-3102.

O. For the purposes of this section, "qualifying postsecondary institution" means a regionally or nationally accredited public or private postsecondary educational institution in this state or a regionally or nationally accredited vocational program in this state.

Sec. 4. Section 15-185, Arizona Revised Statutes, as amended by Laws 2009, forty-ninth legislature, third special session, chapter 2, section 1, is amended to read:

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

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

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

2. A school district is not financially responsible for any charter school that is sponsored by the state board of education or the state board for charter schools.

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

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

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

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

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

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

B. Financial provisions for a charter school that is sponsored by the state board of education or the state board for charter schools are as follows:
1. The charter school shall calculate a base support level as prescribed in section 15-943, except that sections 15-941 and 15-942 do not apply to these charter schools.

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, or the adjusted average daily membership, as prescribed in section 15-902, of the charter school. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education or the state board for charter schools may require a charter school to report periodically regarding pupil enrollment and attendance and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

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

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

5. The state board of education shall apportion state aid from the appropriations made for such purposes to the state treasurer for disbursement to the charter schools in each county in an amount as determined by this paragraph. The apportionments shall be made in twelve equal installments of the total amount to be apportioned during the fiscal year on the fifteenth day of each month of the fiscal year AS PRESCRIBED IN SECTION 15-973, SUBSECTION B.
6. Notwithstanding paragraph 5 of this subsection, if sufficient appropriated monies are available after the first forty days in session of the current year, a charter school may request additional state monies to fund the increased state aid due to anticipated student growth through the first one hundred days or two hundred days in session, as applicable, of the current year as provided in section 15-948. In no event shall a charter school have received more than three-fourths of its total apportionment before April 15 of the fiscal year. Early payments pursuant to this subsection must be approved by the state treasurer, the director of the department of administration and the superintendent of public instruction.

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

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

C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 6, for that pupil in the school district and the charter school shall not exceed 1.0, except that if the pupil is enrolled in both a charter school and a joint technological education district and resides within the boundaries of a school district participating in the joint technological education district, the sum of the average daily membership for that pupil in the charter school and the joint technological education district shall not exceed 1.25. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the department of education shall direct the average daily membership to the school with the most recent enrollment date. Upon validation of actual enrollment in both a charter school and a public school that is not a charter school and if the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in attendance in the public school and the charter school, except that if the pupil is enrolled in both a charter school and a joint technological education district and resides within the boundaries of a school district participating in the joint technological education district, the sum of the average daily membership for that pupil in the charter school and the joint technological education district shall be reduced to 1.25 and shall be apportioned between the charter school and the joint technological education district based on the percentage of total time
that the pupil is enrolled or in attendance in the charter school and the joint technological education district. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this section.

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

1. Equalization assistance shall not be less than zero.
2. For a charter school sponsored by the state board of education or the state board for charter schools, the total of the base support level, the capital outlay revenue limit, the soft capital allocation and the additional assistance shall not be less than zero.
3. For a charter school sponsored by a school district, the base support level for the school district shall not be reduced by more than the amount that the charter school increased the district's base support level, capital outlay revenue limit and soft capital allocation.

E. If a charter school was a district public school in the prior year and is now being operated for or by the same school district and sponsored by the state board of education, the state board for charter schools or a school district governing board, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school or the sponsoring district of the charter school shall equal the sum of the base support level and the additional assistance received in the current year for those pupils who were enrolled in the traditional public school in the prior year and are now enrolled in the charter school in the current year.

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

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

H. If the sponsor of the charter school determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter, the sponsor of a charter school may submit a request to the department of education to withhold up to ten per cent of
the monthly apportionment of state aid that would otherwise be due the charter school. The department of education shall adjust the charter school's apportionment accordingly. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. The charter school shall submit a corrective action plan to the sponsor on a date specified by the sponsor at the meeting. The corrective action plan shall be designed to correct deficiencies at the charter school and to ensure that the charter school promptly returns to compliance. When the sponsor determines that the charter school is in compliance, the department of education shall restore the full amount of state aid payments to the charter school.

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

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

K. If a school district transports or contracts to transport pupils to the Arizona state schools for the deaf and the blind during any fiscal year, the school district may transport or contract with a charter school to transport sensory impaired pupils during that same fiscal year to a charter school if requested by the parent of the pupil and if the distance from the pupil's place of actual residence within the school district to the charter school is less than the distance from the pupil's place of actual residence within the school district to the campus of the Arizona state schools for the deaf and the blind.
L. For the purposes of this section:

1. "Monies intended for the basic maintenance and operations of the school" means monies intended to provide support for the educational program of the school, except that it does not include supplemental assistance for a specific purpose or P.L. 81-874 monies. The auditor general shall determine which federal or state monies meet the definition in this paragraph.

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

Sec. 5. Section 15-187, Arizona Revised Statutes, is amended to read:

15-187. Charter schools; teachers; employment benefits

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

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

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

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

C. A charter school that is sponsored by a school district governing board, the state board of education or the state board for charter schools is eligible to participate in the Arizona state retirement system pursuant to title 38, chapter 5, article 2. The charter school is a political subdivision of this state for purposes of title 38, chapter 5, article 2.

D. NOTWITHSTANDING ANY OTHER LAW, A CHARTER SCHOOL SHALL NOT ADOPT POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON TENURE OR SENIORITY.

Sec. 6. Section 15-203, Arizona Revised Statutes, is amended to read:

15-203. Powers and duties

A. The state board of education shall:

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

2. Keep a record of its proceedings.


4. Determine the policy and work undertaken by it.
5. Appoint its employees, on the recommendation of the superintendent of public instruction.

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

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

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

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

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

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

12. Prescribe a minimum course of study in the common schools, minimum competency requirements for the promotion of pupils from the third grade and minimum course of study and competency requirements for the promotion of pupils from the eighth grade. The state board of education shall prepare a fiscal impact statement of any proposed changes to the minimum course of study or competency requirements and, on completion, shall send a copy to the director of the joint legislative budget committee and the executive director of the school facilities board. The state board of education shall not adopt any changes in the minimum course of study or competency requirements in effect on July 1, 1998 that will have a fiscal impact on school capital costs.

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

14. Supervise and control the certification of persons engaged in instructional work directly as any classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist, principal or superintendent in a school district, including school district preschool programs, or any other educational institution below the community college, college or university level, and prescribe rules for certification, including rules for certification of teachers who have teaching experience and who are trained in other states, which are not unnecessarily restrictive and are substantially similar to the rules prescribed for the certification of teachers trained in this state. The rules shall require applicants for all certificates for common school instruction to complete a minimum of forty-five classroom hours or three college level credit hours, or the equivalent, of training in research based systematic phonics instruction from
a public or private provider. The rules shall not require a teacher to obtain a master's degree or to take any additional graduate courses as a condition of certification or recertification. The rules shall allow a general equivalency diploma to be substituted for a high school diploma in the certification of emergency substitute teachers. **THE RULES SHALL ALLOW BUT SHALL NOT REQUIRE THE SUPERINTENDENT OF A SCHOOL DISTRICT TO OBTAIN CERTIFICATION FROM THE STATE BOARD OF EDUCATION.**

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

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

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

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

19. Supervise and control the qualifications of professional nonteaching school personnel and prescribe standards relating to qualifications. **THE STANDARDS SHALL NOT REQUIRE THE BUSINESS MANAGER OF A SCHOOL DISTRICT TO OBTAIN CERTIFICATION FROM THE STATE BOARD OF EDUCATION.**

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

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

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

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

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

25. Develop and maintain a handbook for use in the schools of this state that provides guidance for the teaching of moral, civic and ethical education. The handbook shall promote existing curriculum frameworks and shall encourage school districts to recognize moral, civic and ethical values within instructional and programmatic educational development programs for the general purpose of instilling character and ethical principles in pupils in kindergarten programs and grades one through twelve.
26. Require pupils to recite the following passage from the declaration of independence for pupils in grades four through six at the commencement of the first class of the day in the schools, except that a pupil shall not be required to participate if the pupil or the pupil's parent or guardian objects:

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

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

28. Adopt rules that will be in effect until December 31, 2006 and that provide for the presentation of an honorary high school diploma to a person who has never obtained a high school diploma and who meets each of the following requirements:

(a) Is at least sixty-five years of age.
(b) Currently resides in this state.
(c) Provides documented evidence from the Arizona department of veterans' services that the person enlisted in the armed forces of the United States before completing high school in a public or private school.
(d) Was honorably discharged from service with the armed forces of the United States.

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

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

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

(a) A list of the general categories in which community service may be performed.
(b) A description of the methods by which community service will be monitored.
(c) A consideration of risk assessment for community service projects.
(d) Orientation and notification procedures of community service opportunities for pupils entering grade nine, including the development of a notification form. The notification form shall be signed by the pupil and the pupil's parent or guardian, except that a pupil shall not be required to participate in community service if the parent or guardian notifies the principal of the pupil's school in writing that the parent or guardian does not wish the pupil to participate in community service.
(e) Procedures for a pupil in grade nine to prepare a written proposal that outlines the type of community service that the pupil would like to perform and the goals that the pupil hopes to achieve as a result of community service. The pupil's written proposal shall be reviewed by a faculty advisor, a guidance counselor or any other school employee who is designated as the community service program coordinator for that school. The pupil may alter the written proposal at any time before performing community service.
(f) Procedures for a faculty advisor, a guidance counselor or any other school employee who is designated as the community service program coordinator to evaluate and certify the completion of community service performed by pupils.

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

(a) Address procedures for each of the following:
   (i) The transfer of student records.
   (ii) Awarding credit for completed course work.
   (iii) Permitting a student to satisfy the graduation requirements prescribed in section 15-701.01 through the successful performance on comparable exit-level assessment instruments administered in another state.
(b) Include appropriate criteria developed by the state board of education and the Arizona board of regents.

33. Adopt guidelines that school district governing boards shall use in identifying pupils who are eligible for gifted programs and in providing gifted education programs and services. The state board of education shall adopt any other guidelines and rules that it deems necessary in order to carry out the purposes of chapter 7, article 4.1 of this title.
34. For each of the alternative textbook formats of human-voiced audio, large-print and braille, designate alternative media producers to adapt existing standard print textbooks or to provide specialized textbooks, or both, for pupils with disabilities in this state. Each alternative media producer shall be capable of producing alternative textbooks in all relevant subjects in at least one of the alternative textbook formats. The board shall post the designated list of alternative media producers on its website.

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

36. Adopt rules to prohibit a person who violates the notification requirements prescribed in section 15-183, subsection C, paragraph 6 or section 15-550, subsection C from certification pursuant to this title until the person is no longer charged or is acquitted of any offenses listed in section 41-1758.03, subsection B. The board shall also adopt rules to prohibit a person who violates the notification requirements, certification surrender requirements or fingerprint clearance card surrender requirements prescribed in section 15-183, subsection C, paragraph 7 or section 15-550, subsection D from certification pursuant to this title for at least ten years after the date of the violation.

B. The state board of education may:
1. Contract.
2. Sue and be sued.
3. Distribute and score the tests prescribed in chapter 7, article 3 of this title.
4. Provide for an advisory committee to conduct hearings and screenings to determine whether grounds exist to impose disciplinary action against a certificated person, whether grounds exist to reinstate a revoked or surrendered certificate and whether grounds exist to approve or deny an initial application for certification or a request for renewal of a certificate. The board may delegate its responsibility to conduct hearings and screenings to its advisory committee. Hearings shall be conducted pursuant to title 41, chapter 6, article 6.
5. Proceed with the disposal of any complaint requesting disciplinary action or with any disciplinary action against a person holding a certificate as prescribed in subsection A, paragraph 14 of this section after the suspension or expiration of the certificate or surrender of the certificate by the holder.
6. Assess costs and reasonable attorney fees against a person who files a frivolous complaint or who files a complaint in bad faith. Costs assessed pursuant to this paragraph shall not exceed the expenses incurred by the state board in the investigation of the complaint.

Sec. 7. Section 15-213, Arizona Revised Statutes, is amended to read:
15-213. **Procurement practices of school districts and charter schools; definitions**

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

1. The state board shall submit to the auditor general proposed rules consistent with the procurement practices prescribed in title 41, chapter 23, modifying the provisions for public notice of invitation for bids, requests for proposals and requests for qualifications to allow a governing board to give public notice of the invitation for bids, requests for proposals and requests for qualifications by publication in the official newspaper of the county as defined in section 11-255, modifying the provisions relating to disposal of materials to comply with section 15-342, paragraph 18, providing for governing board delegation of procurement authority and modifying as necessary other provisions which the state board determines are not appropriate for school districts. The rules shall include provisions specifying that school districts are not required to engage in competitive bidding in order to make the decision to participate in programs pursuant to section 15-382 and that a program authorized by section 15-382 is not required to engage in competitive bidding for the services necessary to administer the program or for purchase of insurance or reinsurance. **THE RULES SHALL INCLUDE PROVISIONS SPECIFYING THAT SCHOOL DISTRICTS ARE NOT REQUIRED TO ENGAGE IN COMPETITIVE BIDDING IN ORDER TO PLACE A PUPIL IN A PRIVATE SCHOOL THAT PROVIDES SPECIAL EDUCATION SERVICES IF SUCH PLACEMENT IS PRESCRIBED IN THE PUPIL'S INDIVIDUALIZED EDUCATION PROGRAM AND THE PRIVATE SCHOOL HAS BEEN APPROVED BY THE DEPARTMENT OF EDUCATION DIVISION OF SPECIAL EDUCATION PERSUANT TO SECTION 15-765, SUBSECTION D.** The rules for procurement of construction projects shall include provisions specifying that surety bonds furnished as bid security and performance and payment bonds shall be executed and furnished as required by title 34, chapter 2 or 6, as applicable. The rules shall specify the total cost of a procurement that is subject to invitations for bids, requests for proposals and requests for clarification. The state board shall not exceed the aggregate dollar amount limits for procurements prescribed in section 41-2535.

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

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

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

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

   (d) All bids for construction be opened at a public opening and the bids shall remain confidential until the public opening.
(e) All persons desiring to submit bids be treated equitably and the information related to each project be available to all eligible persons.

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

(g) A provision, covenant, clause or understanding in, collateral to or affecting a construction contract that makes the contract subject to the laws of another state or that requires any litigation, arbitration or other dispute resolution proceeding arising from the contract to be conducted in another state is against this state's public policy and is void and unenforceable.

3. On or before December 31, 2004. The state board of education shall adopt rules for the procurement of goods and information services by school districts and charter schools using electronic, on-line ONLINE bidding. The rules adopted by the state board shall include the use of reverse auctions and shall be consistent with the procurement practices prescribed in title 41, chapter 23, article 13, modifying as necessary those provisions and the rules adopted pursuant to that article that the state board determines are not appropriate for school districts and charter schools. Until the rules are adopted, school districts and charter schools may procure goods and information services pursuant to title 41, chapter 23, article 13 using the rules adopted by the department of administration in implementing that article.

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

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

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

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

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

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

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

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

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

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

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

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

H. The department of education shall enact policies and procedures for the acceptance and disposition of complaints from the public regarding school procurement practices and shall forward all school procurement complaints to the attorney general.

I. The state board of education shall adopt, and the auditor general shall review, rules authorizing school districts to procure construction services by construction-manager-at-risk, design-build, qualified select bidders list and job-order-contracting methods of project delivery. The rules adopted shall require each school district that uses construction-manager-at-risk, design-build, qualified select bidders list or job-order-contracting to procure construction services to submit, on or before January 15 of each year, a report to the secretary of state on the benefits associated with the use of such procurement methods. The report shall include the number of projects completed in the preceding calendar year using that procurement method, the cost and description of each project and an estimate of any cost savings or other benefits realized through the use of that procurement method.

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

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

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

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

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

K. For the purposes of this section:
1. "Nonexempt charter school" means a charter school that is not
exempted from procurement laws pursuant to section 15-183, subsection E,
paragraph 6.

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

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

Sec. 8. Section 15-239, Arizona Revised Statutes, is amended to read:

15-239. School compliance and recognition; accreditation

A. The department of education may:
1. Monitor school districts to ascertain that laws applying to the
   school districts are implemented as prescribed by law.
2. Adopt a system of recognition for school districts which
   meet or exceed the requirements of the law which apply to the school
   districts.
3. Establish standards and procedures for the accreditation of all
   schools requesting state accreditation.

B. The department of education may adopt guidelines necessary to
   implement the provisions of this section.

C. THE DEPARTMENT OF EDUCATION MAY CONDUCT FINANCIAL, COMPLIANCE OR
   AVERAGE DAILY MEMBERSHIP AUDITS OF SCHOOL DISTRICTS AND CHARTER SCHOOLS.

D. THE AUDITOR GENERAL MAY CONDUCT FINANCIAL, PROGRAM, COMPLIANCE OR
   AVERAGE DAILY MEMBERSHIP AUDITS OF SCHOOL DISTRICTS AND CHARTER SCHOOLS.

Sec. 9. Section 15-341, Arizona Revised Statutes, is amended to read:

15-341. General powers and duties; immunity; delegation

A. The governing board shall:
1. Prescribe and enforce policies and procedures for the governance of
   the schools, not inconsistent with law or rules prescribed by the state board
   of education.
2. Maintain the schools established by it for the attendance of each
   pupil for a period of not less than one hundred seventy-five school days or
   two hundred school days, as applicable, or its equivalent as approved by the
   superintendent of public instruction for a school district operating on a
   year-round operation basis, to offer an educational program on the basis of a
   four-day school week or to offer an alternative kindergarten program on the
   basis of a three-day school week, in each school year, and if the funds of
   the district are sufficient, for a longer period, and as far as practicable
   with equal rights and privileges.
3. Exclude from schools all books, publications, papers or
   audiovisual materials of a sectarian, partisan or denominational character.
4. Manage and control the school property within its district.
5. Acquire school furniture, apparatus, equipment, library books
   and supplies for the use of the schools.
6. Prescribe the curricula and criteria for the promotion and
   graduation of pupils as provided in sections 15-701 and 15-701.01.
6. Furnish, repair and insure, at full insurable value, the school property of the district.
7. Construct school buildings on approval by a vote of the district electors.
8. Make in the name of the district conveyances of property belonging to the district and sold by the board.
9. Purchase school sites when authorized by a vote of the district at an election conducted as nearly as practicable in the same manner as the election provided in section 15-481 and held on a date prescribed in section 15-491, subsection E, but such authorization shall not necessarily specify the site to be purchased and such authorization shall not be necessary to exchange unimproved property as provided in section 15-342, paragraph 23.
10. Construct, improve and furnish buildings used for school purposes when such buildings or premises are leased from the national park service.
11. Purchase school sites or construct, improve and furnish school buildings from the proceeds of the sale of school property only on approval by a vote of the district electors.
12. Hold pupils to strict account for disorderly conduct on school property.
13. Discipline students for disorderly conduct on the way to and from school.
14. Except as provided in section 15-1224, deposit all monies received by the district as gifts, grants and devises with the county treasurer who shall credit the deposits as designated in the uniform system of financial records. If not inconsistent with the terms of the gifts, grants and devises given, any balance remaining after expenditures for the intended purpose of the monies have been made shall be used for reduction of school district taxes for the budget year, except that in the case of accommodation schools the county treasurer shall carry the balance forward for use by the county school superintendent for accommodation schools for the budget year.
15. Provide that, if a parent or legal guardian chooses not to accept a decision of the teacher as provided in section 15-521, paragraph 3, the parent or legal guardian may request in writing that the governing board review the teacher's decision. Nothing in this paragraph shall be construed to release school districts from any liability relating to a child's promotion or retention.
16. Provide for adequate supervision over pupils in instructional and noninstructional activities by certificated or noncertificated personnel.
17. Use school monies received from the state and county school apportionment exclusively for payment of salaries of teachers and other employees and contingent expenses of the district.
18. Make an annual report to the county school superintendent on or before October 1 each year in the manner and form and on the blanks prescribed by the superintendent of public instruction or county school
The board shall also make reports directly to the county superintendent or the superintendent of public instruction whenever required.

Deposit all monies received by school districts other than student activities monies or monies from auxiliary operations as provided in sections 15-1125 and 15-1126 with the county treasurer to the credit of the school district except as provided in paragraph 21 of this subsection and sections 15-1223 and 15-1224, and the board shall expend the monies as provided by law for other school funds.

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

Employ an attorney admitted to practice in this state whose principal practice is in the area of commercial real estate, or a real estate broker who is licensed by this state and who is employed by a reputable commercial real estate company, to negotiate a lease of five or more years for the school district if the governing board decides to enter into a lease of five or more years as lessor of school buildings or grounds as provided in section 15-342, paragraph 7 or 10. Any lease of five or more years negotiated pursuant to this paragraph shall provide that the lessee is responsible for payment of property taxes pursuant to the requirements of section 42-11104.

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

Prescribe and enforce policies and procedures for disciplinary action against an administrator who engages in conduct that is a violation of the policies of the governing board regarding duties of administrators but that is not cause for dismissal of the administrator or for revocation of the certificate of the administrator. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters. For violations that are cause for dismissal, the provisions of notice, hearing and appeal in chapter
5. article 3 of this title shall apply. The filing of a timely request for a hearing suspends the imposition of a suspension without pay or a dismissal pending completion of the hearing.

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

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

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

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

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

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

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

32. 30. Keep on file the resumes of all current and former employees who provide instruction to pupils at a school. Resumes shall include an individual's educational and teaching background and experience in a particular academic content subject area. A school district shall inform parents and guardians of the availability of the resume information and shall make the resume information available for inspection on request of parents and guardians of pupils enrolled at a school. Nothing in this paragraph shall be construed to require any school to release personally identifiable information in relation to any teacher or employee, including the teacher's or employee's address, salary, social security number or telephone number.

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

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

35. Annually assign at least one school district employee to participate in a multihazard crisis training program developed or selected by the governing board.

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

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

38. 35. Prescribe and enforce policies and procedures allowing pupils who have been diagnosed with anaphylaxis by a health care provider licensed pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse practitioner licensed and certified pursuant to title 32, chapter 15 to carry and self-administer emergency medications, including auto-injectable epinephrine, while at school and at school sponsored activities. The pupil's name on the prescription label on the medication container or on the medication device and annual written documentation from the pupil's parent or guardian to the school that authorizes possession and self-administration is sufficient proof that the pupil is entitled to the possession and self-administration of the medication. The policies shall require a pupil who uses auto-injectable epinephrine while at school and at school sponsored activities to notify the nurse or the designated school staff person of the use of the medication as soon as practicable. A school district and its employees are immune from civil liability with respect to all decisions made and actions taken that are based on good faith implementation of the requirements of this paragraph, except in cases of wanton or wilful neglect.
39. Allow the possession and self-administration of prescription medication for breathing disorders in handheld inhaler devices by pupils who have been prescribed that medication by a health care professional licensed pursuant to title 32. The pupil's name on the prescription label on the medication container or on the handheld inhaler device and annual written documentation from the pupil's parent or guardian to the school that authorizes possession and self-administration shall be sufficient proof that the pupil is entitled to the possession and self-administration of the medication. A school district and its employees are immune from civil liability with respect to all decisions made and actions taken that are based on a good faith implementation of the requirements of this paragraph.

40. Prescribe and enforce policies and procedures to prohibit pupils from harassing, intimidating and bullying other pupils on school grounds, on school property, on school buses, at school bus stops and at school sponsored events and activities that include the following components:
   (a) A procedure for pupils to confidentially report to school officials incidents of harassment, intimidation or bullying.
   (b) A procedure for parents and guardians of pupils to submit written reports to school officials of suspected incidents of harassment, intimidation or bullying.
   (c) A requirement that school district employees report suspected incidents of harassment, intimidation or bullying to the appropriate school official.
   (d) A formal process for the documentation of reported incidents of harassment, intimidation or bullying, except that no documentation shall be maintained unless the harassment, intimidation or bullying has been proven and for the confidentiality, maintenance and disposition of this documentation. If a school maintains documentation of reported incidents of harassment, intimidation or bullying, the school shall not use that documentation to impose disciplinary action unless the appropriate school official has investigated and determined that the reported incidents of harassment, intimidation or bullying occurred.
   (e) A formal process for the investigation by the appropriate school officials of suspected incidents of harassment, intimidation or bullying.
   (f) Disciplinary procedures for pupils who have admitted or been found to have committed incidents of harassment, intimidation or bullying.
   (g) A procedure that sets forth consequences for submitting false reports of incidents of harassment, intimidation or bullying.

41. Prescribe and enforce policies and procedures regarding changing or adopting attendance boundaries that include the following components:
   (a) A procedure for holding public meetings to discuss attendance boundary changes or adoptions that allows public comments.
   (b) A procedure to notify the parents or guardians of the students affected.
(c) A procedure to notify the residents of the households affected by the attendance boundary changes.

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

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

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

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

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

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

B. Notwithstanding subsection A, paragraphs 8, 10, 9 and 12 of this section, the county school superintendent may construct, improve and furnish school buildings or purchase or sell school sites in the conduct of an accommodation school.

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

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

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

D. The governing board may not locate a school on property that is less than one-fourth mile from agricultural land regulated pursuant to section 3-365, except that the owner of the agricultural land may agree to comply with the buffer zone requirements of section 3-365. If the owner agrees in writing to comply with the buffer zone requirements and records the agreement in the office of the county recorder as a restrictive covenant running with the title to the land, the school district may locate a school within the affected buffer zone. The agreement may include any stipulations regarding the school, including conditions for future expansion of the school
H.B. 2011

and changes in the operational status of the school that will result in a breach of the agreement.

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

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

G. Notwithstanding any other provision of this title, a school district governing board shall not take any action that would result in an immediate reduction or a reduction within three years of pupil square footage that would cause the school district to fall below the minimum adequate gross square footage requirements prescribed in section 15-2011, subsection C, unless the governing board notifies the school facilities board established by section 15-2001 of the proposed action and receives written approval from the school facilities board to take the action. A reduction includes an increase in administrative space that results in a reduction of pupil square footage or sale of school sites or buildings, or both. A reduction includes a reconfiguration of grades that results in a reduction of pupil square footage of any grade level. This subsection does not apply to temporary reconfiguration of grades to accommodate new school construction if the temporary reconfiguration does not exceed one year. The sale of equipment that results in an immediate reduction or a reduction within three years that falls below the equipment requirements prescribed in section 15-2011, subsection B is subject to commensurate withholding of school district capital outlay revenue limit monies pursuant to the direction of the school facilities board. Except as provided in section 15-342, paragraph 10, proceeds from the sale of school sites, buildings or other equipment shall be deposited in the school plant fund as provided in section 15-1102.

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

I. Until the state board of education and the auditor general adopt rules pursuant to section 15-213, subsection I, a school district may procure construction services, including services for new school construction pursuant to section 15-2041, by the construction-manager-at-risk, design-build and job-order contracting methods of project delivery as provided in title 41, chapter 23, except that the rules adopted by the director of the department of administration do not apply to procurements pursuant to this subsection. Any procurement commenced pursuant to this subsection may be completed pursuant to this subsection.

Sec. 10. Section 15-342, Arizona Revised Statutes, is amended to read:
15-342. Discretionary powers

The governing board may:

1. Expel pupils for misconduct.

2. Exclude from grades one through eight children under six years of age.

3. Make such separation of groups of pupils as it deems advisable.

4. Maintain such special schools during vacation as deemed necessary for the benefit of the pupils of the school district.

5. Permit a superintendent or principal or representatives of the superintendent or principal to travel for a school purpose, as determined by a majority vote of the board. The board may permit members and members-elect of the board to travel within or without the school district for a school purpose and receive reimbursement. Any expenditure for travel and subsistence pursuant to this paragraph shall be as provided in title 38, chapter 4, article 2. The designated post of duty referred to in section 38-621 shall be construed, for school district governing board members, to be the member's actual place of residence, as opposed to the school district office or the school district boundaries. Such expenditures shall be a charge against the budgeted school district funds. The governing board of a school district shall prescribe procedures and amounts for reimbursement of lodging and subsistence expenses. Reimbursement amounts shall not exceed the maximum amounts established pursuant to section 38-624, subsection C.

6. Construct or provide in rural districts housing facilities for teachers and other school employees which the board determines are necessary for the operation of the school.

7. Sell or lease to the state, a county, a city or a tribal government agency any school property required for a public purpose, provided the sale or lease of the property will not affect the normal operations of a school within the school district.

8. Annually budget and expend funds for membership in an association of school districts within this state.

9. Enter into leases or lease-purchase agreements for school buildings or grounds, or both, as lessor or as lessee, for periods of less than five years subject to voter approval for construction of school buildings as prescribed in section 15-341, subsection A, paragraph 7.

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

   (a) The market value of the school property is less than fifty thousand dollars.

   (b) The buildings and sites are completely funded with monies distributed by the school facilities board.
(c) The transaction involves the sale of improved or unimproved property pursuant to an agreement with the school facilities board in which the school district agrees to sell the improved or unimproved property and transfer the proceeds of the sale to the school facilities board in exchange for monies from the school facilities board for the acquisition of a more suitable school site. For a sale of property acquired by a school district prior to July 9, 1998, a school district shall transfer to the school facilities board that portion of the proceeds that equals the cost of the acquisition of a more suitable school site. If there are any remaining proceeds after the transfer of monies to the school facilities board, a school district shall only use those remaining proceeds for future land purchases approved by the school facilities board, or for capital improvements not funded by the school facilities board for any existing or future facility.

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

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

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

(iii) The transaction does not violate section 15-341, subsection G.
to pass or fail a pupil in a course in high school in executive session unless a parent or legal guardian of the pupil or the pupil, if emancipated, disagrees that the review should be conducted in executive session and then the review shall be conducted in an open meeting. If the review is conducted in executive session, the board shall notify the teacher of the date, time and place of the review and shall allow the teacher to be present at the review. If the teacher is not present at the review, the board shall consult with the teacher before making its decision. Any request, including the written request as provided in section 15-341, the written evidence presented at the review and the written record of the review, including the decision of the governing board to accept or reject the teacher's decision, shall be retained by the governing board as part of its permanent records.

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

13. Enter into intergovernmental agreements and contracts with school districts or other governing bodies as provided in section 11-952. INTERGOVERNMENTAL AGREEMENTS AND CONTRACTS BETWEEN SCHOOL DISTRICTS OR BETWEEN A SCHOOL DISTRICT AND OTHER GOVERNING BODIES AS PROVIDED IN SECTION 11-952 ARE EXEMPT FROM COMPETITIVE BIDDING UNDER THE PROCUREMENT RULES ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-213.

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

15. Suspend a teacher or administrator from the teacher's or administrator's duties without pay for a period of time of not to exceed ten school days, if the board determines that suspension is warranted pursuant to section 15-341, subsection A, paragraphs 23 AND 24.

16. Dedicate school property within an incorporated city or town to such city or town or within a county to that county for use as a public right-of-way if both of the following apply:
   (a) Pursuant to an ordinance adopted by such city, town or county, there will be conferred upon the school district privileges and benefits which may include benefits related to zoning.
   (b) The dedication will not affect the normal operation of any school within the district.

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

18. Donate surplus or outdated learning materials to nonprofit community organizations where the governing board determines that the anticipated cost of selling the learning materials equals or exceeds the estimated market value of the materials.
19. Prescribe policies for the assessment of reasonable fees for students to use district-provided parking facilities. The fees are to be applied by the district solely against costs incurred in operating or securing the parking facilities. Any policy adopted by the governing board pursuant to this paragraph shall include a fee waiver provision in appropriate cases of need or economic hardship.

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

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

22. Require students to wear uniforms.

23. Exchange unimproved property or improved property, including school sites, where the governing board determines that the improved property is unnecessary for the continued operation of the school district without requesting authorization by a vote of the school district electors if the governing board determines that the exchange is necessary to protect the health, safety or welfare of pupils or when the governing board determines that the exchange is based on sound business principles for either:
   (a) Unimproved or improved property of equal or greater value.
   (b) Unimproved property that the owner contracts to improve if the value of the property ultimately received by the school district is of equal or greater value.

24. For common and high school pupils, assess reasonable fees for optional extracurricular activities and programs conducted when the common or high school is not in session, except that no fees shall be charged for pupils' access to or use of computers or related materials. For high school pupils, the governing board may assess reasonable fees for fine arts and vocational education courses and for optional services, equipment and materials offered to the pupils beyond those required to successfully complete the basic requirements of any other course, except that no fees shall be charged for pupils' access to or use of computers or related materials. Fees assessed pursuant to this paragraph shall be adopted at a public meeting after notice has been given to all parents of pupils enrolled at schools in the district and shall not exceed the actual costs of the activities, programs, services, equipment or materials. The governing board shall authorize principals to waive the assessment of all or part of a fee assessed pursuant to this paragraph if it creates an economic hardship for a pupil. For the purposes of this paragraph, "extracurricular activity" means any optional, noncredit, educational or recreational activity which supplements the education program of the school, whether offered before, during or after regular school hours.
25. Notwithstanding section 15-341, subsection A, paragraphs 8 and 10, 7 AND 9, construct school buildings and purchase or lease school sites, 8 without a vote of the school district electors, if the buildings and sites are totally funded from one or more of the following:
9   (a) Monies in the unrestricted capital outlay fund, except that the 10 estimated cost shall not exceed two hundred fifty thousand dollars for a 11 district that utilizes the provisions of section 15-949.
12   (b) Monies distributed from the school facilities board established by 13 section 15-2001.
14   (c) Monies specifically donated for the purpose of constructing school 15 buildings.
16 Nothing in this paragraph shall be construed to eliminate the requirement for 17 an election to raise revenues for a capital outlay override pursuant to 18 section 15-481 or a bond election pursuant to section 15-491.
19 26. Conduct a background investigation that includes a fingerprint 20 check conducted pursuant to section 41-1750, subsection G for certificated 21 personnel and personnel who are not paid employees of the school district, as a condition of employment. A school district may release the results of a background check to another school district for employment purposes. The school district may charge the costs of fingerprint checks to its fingerprinted employee, except that the school district may not charge the costs of fingerprint checks for personnel who are not paid employees of the school district.
22 27. Sell advertising space on the exterior of school buses AND ON ATHLETIC FACILITIES as follows:
(a) Advertisements shall be age appropriate and not contain promotion of any substance that is illegal for minors, such as alcohol, tobacco and drugs, or gambling. Advertisements shall comply with the state sex education policy of abstinence.
(b) Advertising approved by the governing board may appear only on the sides of the bus in the following areas:
   (i) The signs shall be below the seat level rub rail and not extend above the bottom of the side windows.
   (ii) The signs shall be at least three inches from any required lettering, lamp, wheel well or reflector behind the service door or stop signal arm.
   (iii) The signs shall not extend from the body of the bus so as to allow a handhold or present a danger to pedestrians.
   (iv) The signs shall not interfere with the operation of any door or window.
   (v) The signs shall not be placed on any emergency doors.
(c) THE SCHOOL DISTRICT SHALL establish a school bus AN advertisement fund that is composed of revenues from the sale of advertising space on school buses AND ATHLETIC FACILITIES. The monies in a school bus AND advertisement fund are not subject to reversion, and shall be used for the following purposes:
(i) To comply with the energy conservation measures prescribed in
section 15-349 in school districts that are in area A as defined in section
49-541, and any remaining monies shall be used to purchase alternative fuel
support vehicles and any other pupil-related costs as determined by the
governing board.

(ii) For any pupil-related costs as determined by the governing board
in school districts not subject to the provisions of item (i) of this
subdivision.

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

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

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

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

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

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

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

33. Enter into voluntary partnerships with any party to finance with
funds other than school district funds and cooperatively design school
facilities that comply with the adequacy standards prescribed in section
15-2011 and the square footage per pupil requirements pursuant to section
15-2041, subsection D, paragraph 3, subdivision (b). The design plans and
location of any such school facility shall be submitted to the school
facilities board for approval pursuant to section 15-2041, subsection O. If
the school facilities board approves the design plans and location of any
such school facility, the party in partnership with the school district may
cause to be constructed and the district may begin operating the school
facility before monies are distributed from the school facilities board
pursuant to section 15-2041. Monies distributed from the new school
facilities fund to a school district in a partnership with another party to
finance and design the school facility shall be paid to the school district
pursuant to section 15-2041. The school district shall reimburse the party
in partnership with the school district from the monies paid to the school
district pursuant to section 15-2041, in accordance with the voluntary
partnership agreement. Before the school facilities board distributes any
monies pursuant to this subsection, the school district shall demonstrate to
the school facilities board that the facilities to be funded pursuant to
section 15-2041, subsection O meet the minimum adequacy standards prescribed
in section 15-2011. If the cost to construct the school facility exceeds the
amount that the school district receives from the new school facilities fund,
the partnership agreement between the school district and the other party
shall specify that, except as otherwise provided by the other party, any such
excess costs shall be the responsibility of the school district. The school
district governing board shall adopt a resolution in a public meeting that AN
analysis has been conducted on the prospective effects of the decision to
operate a new school with existing monies from the school district's
maintenance and operations budget and how this decision may affect other
schools in the school district. If a school district acquires land by
donation at an appropriate school site approved by the school facilities
board and a school facility is financed and built on the land pursuant to
this paragraph, the school facilities board shall distribute an amount equal
to twenty per cent of the fair market value of the land that can be used for
academic purposes. The school district shall place the monies in the
unrestricted capital outlay fund and increase the unrestricted capital budget
limit by the amount of the monies placed in the fund. Monies distributed
under this paragraph shall be distributed from the new school facilities fund
pursuant to section 15-2041. If a school district acquires land by donation
at an appropriate school site approved by the school facilities board and a
school facility is financed and built on the land pursuant to this paragraph,
the school district shall not receive monies from the school facilities board
for the donation of real property pursuant to section 15-2041, subsection F.  

It is unlawful for:

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

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

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

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

34. SELL ADVERTISING ON THE SCHOOL DISTRICT WEBSITE OR ANY WEBSITE MAINTAINED BY A SCHOOL IN THE SCHOOL DISTRICT AS FOLLOWS:

(a) ADVERTISEMENTS SHALL BE AGE APPROPRIATE AND NOT CONTAIN PROMOTION OF ANY SUBSTANCE THAT IS ILLEGAL FOR MINORS, SUCH AS ALCOHOL, TOBACCO AND DRUGS, OR GAMBLING. ADVERTISEMENTS SHALL COMPLY WITH THE STATE SEX EDUCATION POLICY OF ABSTINENCE. THE GOVERNING BOARD HAS DISCRETION TO DECLINE SPECIFIC ADVERTISEMENTS.

(b) THE SCHOOL DISTRICT SHALL ESTABLISH A WEBSITE ADVERTISEMENT FUND THAT IS COMPOSED OF REVENUES FROM THE SALE OF ADVERTISING ON THE SCHOOL DISTRICT WEBSITE OR ANY WEBSITE MAINTAINED BY A SCHOOL IN THE SCHOOL DISTRICT. THE MONIES IN A WEBSITE ADVERTISEMENT FUND ARE NOT SUBJECT TO REVERSION AND SHALL BE USED FOR ANY PUPIL RELATED COSTS AS DETERMINED BY THE GOVERNING BOARD.

Sec. 11. Section 15-481, Arizona Revised Statutes, is amended to read:

15-481. Override election; budget increases; notice; ballot; effect
A. If a proposed budget of a school district exceeds the aggregate budget limit for the budget year, at least ninety days before the proposed election the governing board shall order an override election to be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of presenting the proposed budget to the qualified electors of the school district who shall by a majority of those voting either SHALL affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not include the proposed increase or the portion of the proposed increase that exceeds the amount authorized by a previously approved budget increase as prescribed in subsection P of this section.

B. The county school superintendent shall prepare an informational report on the proposed increase in the budget and a sample ballot and, at least forty days prior to the election, shall transmit the report and the sample ballot to the governing board of the school district. The governing board, upon receipt of the report and the ballot, shall mail or distribute the report and the ballot to the households in which qualified electors reside within the school district at least thirty-five days prior to the election. Any distribution of material concerning the proposed increase in the budget shall not be conducted by children enrolled in the school district. The report shall contain the following information:

1. The date of the election.
2. The voter's polling place and the times it is open.
3. The proposed total increase in the budget which exceeds the amount permitted pursuant to section 15-905.
4. The total amount of the current year's budget, the total amount of the proposed budget and the total amount of the alternate budget.
5. If the override is for a period of more than one year, a statement indicating the number of years the proposed increase in the budget would be in effect and the percentage of the school district's revenue control limit that the district is requesting for the future years.
6. The proposed total amount of revenues which will fund the increase in the budget and the amount which will be obtained from a levy of taxes upon the taxable property within the school district for the first year for which the budget increase was adopted.
7. The proposed amount of revenues which will fund the increase in the budget and which will be obtained from other than a levy of taxes upon the taxable property within the school district for the first year for which the budget increase was adopted.
8. The dollar amount and the purpose for which the proposed increase in the budget is to be expended for the first year for which the budget increase was adopted.

9. At least two arguments, if submitted, but no more than ten arguments for and two arguments, if submitted, but no more than ten arguments against the proposed increase in the budget. The arguments shall be in a form prescribed by the county school superintendent, and each argument shall not exceed two hundred words. Arguments for the proposed increase in the budget shall be provided in writing and signed by the governing board. If submitted, additional arguments in favor of the proposed increase in the budget shall be provided in writing and signed by those in favor. Arguments against the proposed increase in the budget shall be provided in writing and signed by those in opposition. The names of those persons other than the governing board or superintendent submitting written arguments shall not be included in the report without their specific permission, but shall be made available only upon request to the county school superintendent. The county school superintendent shall review all factual statements contained in the written arguments and correct any inaccurate statements of fact. The superintendent shall not review and correct any portion of the written arguments which are identified as statements of the author's opinion. The county school superintendent shall make the written arguments available to the public as provided in title 39, chapter 1, article 2. A deadline for submitting arguments to be included in the informational report shall be set by the county school superintendent.

10. A statement that the alternate budget shall be adopted by the governing board if the proposed budget is not adopted by the qualified electors of the school district.

11. The full cash value, the assessed valuation, the first year tax rate for the proposed override and the estimated amount of the secondary property taxes if the proposed budget is adopted for each of the following:

(a) An owner-occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

(b) An owner-occupied residence whose assessed valuation is one-half of the assessed valuation of the residence in subdivision (a) of this paragraph.

(c) An owner-occupied residence whose assessed valuation is twice the assessed valuation of the residence in subdivision (a) of this paragraph.

(d) A business whose assessed valuation is the average of the assessed valuation of property classified as class one, as prescribed by section 42-12001, paragraphs 12 and 13 for the current year in the school district.

12. If the election is conducted pursuant to subsection L or M of this section, the following information:

(a) An executive summary of the school district's most recent capital improvement plan submitted to the school facilities board.
(b) A complete list of each proposed capital improvement that will be funded with the budget increase and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at eighty thousand dollars.

C. For the purpose of this section, the school district may use its staff, equipment, materials, buildings or other resources only to distribute the informational report at the school district office or at public hearings and to produce such information as required in subsection B of this section, provided that nothing in this subsection shall preclude school districts from holding or participating in any public hearings at which testimony is given by at least one person for the proposed increase and one person against the proposed increase. Any written information provided by the district pertaining to the override election shall include financial information showing the estimated first year tax rate for the proposed budget override amount.

D. If any amount of the proposed increase will be funded by a levy of taxes in the district, the election prescribed in subsection A of this section shall be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d). If the proposed increase will be fully funded by revenues from other than a levy of taxes, the elections prescribed in subsection A of this section shall be held on any date prescribed by section 16-204. The elections shall be conducted as nearly as practicable in the manner prescribed in article 1 of this chapter, sections 15-422 through 15-424 and section 15-426, relating to special elections, except that:

1. The notices required pursuant to section 15-403 shall be posted not less than twenty-five days before the election.

2. Ballots shall be counted pursuant to title 16, chapter 4, article 10.

E. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify his desired choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year for which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the
limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of ___________ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's revenue control limit allowed by law.

F. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.
2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section.
3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for ____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ten FIFTEEN per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. IF A SCHOOL DISTRICT REQUESTS AN OVERRIDE PURSUANT TO SECTION 15-482 OR TO CONTINUE WITH A BUDGET OVERRIDE PURSUANT TO SECTION 15-482 FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE THAT WAS AUTHORIZED BEFORE DECEMBER 31, 2008, THE MAXIMUM BUDGET INCREASE THAT MAY BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION E OR F OF THIS SECTION OR THE COMBINATION OF SUBSECTIONS E AND F OF THIS SECTION IS TEN PER CENT OF THE REVENUE CONTROL LIMIT AS PROVIDED IN SECTION 15-947, SUBSECTION A FOR THE BUDGET YEAR.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as prescribed in subsections E and F of this section is the greater of the amount provided in subsection G of this section or a limit computed as follows:
(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

<table>
<thead>
<tr>
<th>Small School Support Level Weight</th>
<th>Phase Down</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student for Small Isolated</td>
<td>Reduction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Count Limit</th>
<th>School Districts</th>
<th>Base Level Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>125</td>
<td>Base Reduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$150,000 - $</td>
<td></td>
</tr>
</tbody>
</table>

(i)

(ii)

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

<table>
<thead>
<tr>
<th>Small School Support Level Weight</th>
<th>Phase Down</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student for Small Isolated</td>
<td>Reduction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Count Limit</th>
<th>School Districts</th>
<th>Base Level Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>Base Reduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$350,000 - $</td>
<td></td>
</tr>
</tbody>
</table>

(i)

(ii)
Base Reduction Factor Secondary Limit
$350,000 - $ = $

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent of the revenue control limit attributable to those grade levels that are not included under section 15-949, subsection E. For the purposes of this subdivision, the revenue control limit is separated into elementary and secondary components based on the weighted student count as provided in section 15-971, subsection B, paragraph 2, subdivision (a).

2. If a school district utilizes the provisions of this subsection to request an override of more than one year, the ballot shall include an estimate of the amount of the proposed increase in the future years in place of the statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, as prescribed in subsections E and F of this section.

3. Notwithstanding subsection P of this section, the maximum period of an override authorized pursuant to this subsection is five years.

4. Subsection P, paragraphs 1 and 2 of this section do not apply to overrides authorized pursuant to this subsection.

I. If the election is to exceed the revenue control limit as provided in section 15-482 and if the proposed increase will be fully funded by a levy of taxes on the taxable property within the school district, the ballot shall contain the words “budget increase, yes” and “budget increase, no”, and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed increase of the budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district’s revenue control limit in future years, if applicable, as provided in subsection Q of this section, and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes on the taxable property within this school district for the year for which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the
proposed increase in the school district's budget which will be
funded by a levy of taxes upon the taxable property within this
school district would require an estimated tax rate of
__________ dollar per one hundred dollars of assessed valuation
used for secondary property tax purposes and is in addition to
the school district's tax rate that will be levied to fund the
school district's revenue control limit allowed by law.

J. If the election is to exceed the revenue control limit as provided
in section 15-482 and if the proposed increase will be fully funded by
revenues other than a levy of taxes on the taxable property within the school
district, the ballot shall contain the words "budget increase, yes" and
"budget increase, no", and the voter shall signify the voter's desired
choice. The ballot shall also contain the amount of the proposed increase of
the proposed budget over the alternate budget, a statement that the amount of
the proposed increase will be based on a percentage of the school district's
revenue control limit in future years, if applicable, as provided in
subsection Q of this section and the following statement:

Any budget increase authorized by this election shall be
entirely funded by this school district with revenues from other
than a levy of taxes on the taxable property within the school
district for the year for which adopted and for _____ subsequent
years and shall not be realized from monies furnished by the
state.

K. The maximum budget increase that may be requested and authorized as
provided in subsection I or J of this section, or a combination of both of
these subsections, is five per cent of the revenue control limit as provided
in section 15-947, subsection A for the budget year. For a unified school
district, a common school district not within a high school district or a
common school district within a high school district that offers instruction
in high school subjects as provided in section 15-447, five per cent of the
revenue control limit means five per cent of the revenue control limit
attributable to the weighted student count in preschool programs for children
with disabilities, kindergarten programs and grades one through eight as
provided in section 15-971, subsection B. FOR A UNIFIED SCHOOL DISTRICT,
FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE
CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN PRESCHOOL
PROGRAMS FOR CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE
THROUGH TWELVE. FOR A UNIFIED SCHOOL DISTRICT, FIVE PER CENT OF THE
REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE CONTROL LIMIT
ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN GRADES NINE THROUGH TWELVE.

L. If the election is to exceed the capital outlay revenue limit and
if the proposed increase will be fully funded by a levy of taxes upon the
taxable property within the school district, the ballot shall contain the
words "budget increase, yes" and "budget increase, no", and the voter shall
signify the voter's desired choice. An election held pursuant to this
subsection shall be held on the first Tuesday after the first Monday of
November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year in which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district’s budget would require an estimated tax rate of _______________ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district’s tax rate which will be levied to fund the school district’s capital outlay revenue limit allowed by law.

M. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words “budget increase, yes” and “budget increase, no”, and the voter shall signify the voter’s desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year in which adopted and for ____ subsequent years and shall not be realized from monies furnished by the state.

N. If the election is to exceed a combination of the revenue control limit as provided in subsection E or F of this section, the revenue control limit as provided in subsection I or J of this section or the capital outlay revenue limit as provided in subsection L or M of this section, the ballot shall be prepared so that the voters may vote on each proposed increase separately and shall contain statements required in the same manner as if each proposed increase were submitted separately.

O. If the election provides for a levy of taxes on the taxable property within the school district, at least thirty days prior to the election, the department of revenue shall provide the school district governing board and the county school superintendent with an estimate of the school district’s assessed valuation used for secondary property tax purposes for the ensuing fiscal year. The governing board and the county school superintendent shall use this estimate to translate the amount of the
proposed dollar increase in the budget of the school district over that
allowed by law into a tax rate figure.

P. If the voters in a school district vote to adopt a budget in excess
of the revenue control limit as provided in subsection E or F of this
section, any additional increase shall be included in the aggregate budget
limit for each of the years authorized. Any additional increase shall be
excluded from the determination of equalization assistance. The school
district governing board may levy on the assessed valuation
used for secondary property tax purposes of the property in the school
district the additional increase if adopted under subsection E of this
section for the period of one year, two years or five through seven years as
authorized. If an additional increase is approved as provided in subsection
F of this section, the school district governing board may only use revenues
derived from the school district's prior year's maintenance and operation
fund ending cash balance to fund the additional increase. If a budget
increase was previously authorized and will be in effect for the budget year
or budget year and subsequent years, as provided in subsection E or F of this
section, the governing board may request a new budget increase as provided in
the same subsection under which the prior budget increase was adopted, which
shall not exceed the maximum amount permitted under subsection G of this
section. If the voters in the school district authorize the new budget
increase amount, the existing budget increase no longer is in effect. If the
voters in the school district do not authorize the budget increase amount,
the existing budget increase remains in effect for the time period for which
it was authorized. The maximum additional increase authorized as provided in
subsection E or F of this section and the additional increase which is
included in the aggregate budget limit is based on a percentage of a school
district's revenue control limit in future years, if the budget increase is
authorized for more than one year. If the additional increase:

1. Is for two years, the proposed increase in the second year is equal
to the initial proposed percentage increase.
2. Is for five years or more, the proposed increase is equal to the
initial proposed percentage increase in the following years of the proposed
increase, except that in the next to last year it is two-thirds of the
initial proposed percentage increase and it is one-third of the initial
proposed percentage increase in the last year of the proposed increase.

Q. If the voters in a school district vote to adopt a budget in excess
of the revenue control limit as provided in subsection I or J of this
section, any additional increase shall be included in the aggregate budget
limit for each of the years authorized. Any additional increase shall be
excluded from the determination of equalization assistance. The school
district governing board, however, may levy on the assessed valuation used
for secondary property tax purposes of the property in the school district
the additional increase if adopted under subsection I of this section for the
period of one year, two years or five through seven years as authorized. If
an additional increase is approved as provided in subsection J of this
section, the increase may only be budgeted and expended if sufficient monies are available in the maintenance and operation fund of the school district. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection I or J of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted that does not exceed the maximum amount permitted under subsection K of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in subsection I or J of this section and the additional increase that is included in the aggregate budget limit is based on a percentage of a school district’s revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:

1. Is for two years, the proposed increase in the second year is equal to the initial proposed percentage increase.

2. Is for five years or more, the proposed increase is equal to the initial proposed percentage increase in the following years of the proposed increase, except that in the next to last year it is two-thirds of the initial proposed percentage increase and it is one-third of the initial proposed percentage increase in the last year of the proposed increase.

R. If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection L of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board may, however, levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

S. If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection M of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board may only use revenues derived from the school district’s prior year’s maintenance and operation fund ending cash balance and capital outlay fund ending cash balance to fund the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional
increase prescribed in this subsection shall not exceed seven years for any
capital override election.

T. In addition to subsections P and S of this section, from the
maintenance and operation fund and capital outlay fund ending cash balances,
the school district governing board shall first use any available revenues to
reduce its primary tax rate to zero and shall use any remaining revenues to
fund the additional increase authorized as provided in subsections F and M of
this section.

U. If the voters in a school district disapprove the proposed budget,
the alternate budget which, except for any budget increase authorized by a
prior election, does not include an increase in the budget in excess of the
amount provided in section 15-905 shall be adopted by the governing board as
provided in section 15-905.

V. The governing board may request that any override election be
cancelled if any change in chapter 9 of this title changes the amount of the
aggregate budget limit as provided in section 15-905. The request to cancel
the override election shall be made to the county school superintendent at
least ten days prior to the date of the scheduled override election.

W. For any election conducted pursuant to subsection L or M of this
section:

1. The ballot shall include the following statement in addition to any
other statement required by this section:

   The capital improvements that are proposed to be funded
   through this override election are to exceed the state standards
   and are in addition to monies provided by the state.
   __________ school district is proposing to increase its
   budget by $__________ to fund capital improvements over and
   above those funded by the state. Under the students first
   capital funding system, __________ school district is entitled to
   state monies for building renewal, new construction and
   renovation of school buildings in accordance with state law.

2. The ballot shall contain the words "budget increase, yes" and
   "budget increase, no", and the voter shall signify the voter's desired
   choice.

3. At least eighty-five days before the election, the school district
   shall submit proposed ballot language to the director of the Arizona
   legislative council. The director of the Arizona legislative council shall
   review the proposed ballot language to determine whether the proposed ballot
   language complies with this section. If the director of the Arizona
   legislative council determines that the proposed ballot language does not
   comply with this section, the director, within ten calendar days of the
   receipt of the proposed ballot language, shall notify the school district of
   the director's objections and the school district shall resubmit revised
   ballot language to the director for approval.

X. If the voters approve the budget increase pursuant to subsection L
or M of this section, the school district shall not use the override proceeds
for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the override proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements.

Y. Each school district that currently increases its budget pursuant to subsection L or M of this section is required to hold a public meeting each year between September 1 and October 31 at which an update of the progress of capital improvements financed through the override is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed since the prior meeting and the future capital plans of the school district. The school district shall include in the public meeting a discussion of the school district's use of state capital aid and voter-approved bonding in funding capital improvements, if any.

Z. If a budget in excess of the capital outlay revenue limit was previously adopted by the voters in a school district and will be in effect for the budget year or budget year and subsequent years, as provided in subsection L or M of this section, the governing board may request an additional budget in excess of the capital outlay revenue limit. If the voters in a school district authorize the additional budget in excess of the capital outlay revenue limit, the existing capital outlay revenue limit budget increase remains in effect.

AA. NOTWITHSTANDING ANY OTHER LAW, THE MAXIMUM BUDGET INCREASE THAT MAY BE AUTHORIZED PURSUANT TO SUBSECTION L OR M OF THIS SECTION IS TEN PER CENT OF THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT.


ANY BUDGET INCREASE CONTINUATION AUTHORIZED BY THIS ELECTION SHALL BE ENTIRELY FUNDED BY A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THIS SCHOOL DISTRICT FOR THE YEAR FOR WHICH ADOPTED AND FOR ____ SUBSEQUENT YEARS, SHALL NOT BE REALIZED FROM MONIES FURNISHED BY THE STATE AND SHALL NOT BE SUBJECT TO THE LIMITATION ON TAXES SPECIFIED IN ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA. BASED ON AN ESTIMATE OF ASSESSED VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, TO FUND THE PROPOSED CONTINUATION OF THE INCREASE IN THE SCHOOL DISTRICT'S
H.B. 2011

BUDGET WOULD REQUIRE AN ESTIMATED CONTINUATION OF A TAX RATE OF
_______________ DOLLAR PER ONE HUNDRED DOLLARS OF ASSESSED
VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES AND IS IN
ADDITION TO THE SCHOOL DISTRICT'S TAX RATE THAT WILL BE LEVIED
TO FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT ALLOWED BY
LAW.

CC. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
AS PROVIDED IN SECTION 15-482 AND IF THE PROPOSED OVERRIDE WILL BE FULLY
FUNDED BY A CONTINUATION OF A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THE
SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE
CONTINUATION, YES" AND "BUDGET OVERRIDE CONTINUATION, NO", AND THE VOTER
SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE
AMOUNT OF THE PROPOSED CONTINUATION OF THE BUDGET INCREASE OF THE PROPOSED
BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT THAT THE AMOUNT OF THE PROPOSED
INCREASE WILL BE BASED ON A PERCENTAGE OF THE SCHOOL DISTRICT'S REVENUE
CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS PROVIDED IN SUBSECTION P OF
THIS SECTION AND THE FOLLOWING STATEMENT:

ANY BUDGET INCREASE CONTINUATION AUTHORIZED BY THIS
ELECTION SHALL BE ENTIRELY FUNDED BY A LEVY OF TAXES ON THE
TAXABLE PROPERTY IN THIS SCHOOL DISTRICT FOR THE YEAR FOR WHICH
ADOPTED AND FOR ____ SUBSEQUENT YEARS, SHALL NOT BE REALIZED
FROM MONIES FURNISHED BY THE STATE AND SHALL NOT BE SUBJECT TO
THE LIMITATION ON TAXES SPECIFIED IN ARTICLE IX, SECTION 18,
CONSTITUTION OF ARIZONA. BASED ON AN ESTIMATE OF ASSESSED
VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, TO FUND THE
PROPOSED CONTINUATION OF THE INCREASE IN THE SCHOOL DISTRICT'S
BUDGET WOULD REQUIRE AN ESTIMATED CONTINUATION OF A TAX RATE OF
_______________ DOLLAR PER ONE HUNDRED DOLLARS OF ASSESSED
VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES AND IS IN
ADDITION TO THE SCHOOL DISTRICT'S TAX RATE THAT WILL BE LEVIED
TO FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT ALLOWED BY
LAW.

Sec. 12. Section 15-482, Arizona Revised Statutes, is amended to read:

15-482. Special five per cent override for programs of pupils
in kindergarten programs and grades one through
twelve

A. An additional budget increase may be requested and authorized as
provided in section 15-481, subsections I and J of up to five per cent of the
revenue control limit as provided in subsection B of this section. if the
following conditions are met:

1. The school district uses a task force of educators and other
persons to develop a special program designed to improve the academic
achievement of low achieving pupils in kindergarten programs and grades one
through three, with the goal that all pupils capable of doing so will learn
the basic skills necessary for fourth grade work by the end of the third
grade.
2. The amount of the proposed budget increase as provided in subsection B of this section is for use for the special program and is to supplement, not supplant, programs for pupils in kindergarten programs and grades one through three which were in existence prior to the budget increase, unless in the fiscal year prior to the fiscal year of the proposed budget increase special programs for pupils in kindergarten programs and grades one through three were in existence and were funded with proceeds from the sale or lease of school property, as provided in section 15-1102.

B. The maximum amount of the budget increase requested and authorized shall not exceed the budgeted expenditures of the proposed special program for each fiscal year, not to exceed a total of five per cent of the revenue control limit for each fiscal year. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.

C. For each fiscal year in which a budget increase of up to five per cent of the revenue control limit is authorized as provided in subsection A of this section, the governing board shall:

1. Utilize a separate annual special program budget on a form prescribed by the auditor general in conjunction with the department of education. The budget format shall be designed to allow a school district to plan and provide in detail for expenditures to be incurred as a result of the special program.

2. Prepare as a part of the school district annual financial report a detailed report of expenditures incurred as a result of the special program, in a format prescribed by the auditor general in conjunction with the department of education, as provided in section 15-904.

D. The special program may be designed for any or all of the pupils enrolled in kindergarten programs and grades one through twelve and may involve efforts to remove barriers to academic achievement as well as efforts to improve instruction or increase the amount of instruction. The special program, at a minimum, shall focus on pupils who, because of innate factors, are not succeeding in the school environment as identified by parents, guardians or school personnel. These pupils may include, but are not limited to, those who do not qualify for special education services, who have measured intelligence quotients of between seventy and eighty-five or who exhibit characteristics of attention deficit disorder or learning patterns attributable to prenatal substance exposure.

E. During any fiscal year in which proceeds from the sale or lease of school property are used for the maintenance and operation section of the budget as provided in section 15-1102, a budget increase is in effect as provided in section 15-481, subsection E or F, or a budget increase is in
effect as provided in this section, or any combination of these conditions
occurs, the total amount of the proceeds and increases which may be expended
is equal to fifteen per cent of the revenue control limit for that year as
provided in section 15-947, subsection A, provided that the following maximum
amount is attributable to any one of the conditions:

1. Fifteen per cent of the revenue control limit if using the proceeds
from the sale or lease of school property for the maintenance and operation
section of the budget as provided in section 15-1102.

2. Ten FIFTEEN per cent of the revenue control limit if using a budget
increase as provided in section 15-481, subsection E or F, or both.

3. Five per cent of the revenue control limit if using a budget
increase as provided in this section.

Sec. 13. Section 15-491, Arizona Revised Statutes, is amended to read:
15-491. Elections on school property; exceptions

A. The governing board of a school district may, and upon petition of
fifteen per cent of the school electors as shown by the poll list at the last
preceding annual school election shall, call an election for the following
purposes:

1. To locate or change the location of school buildings.

2. To purchase or sell school sites or buildings or sell school sites
pursuant to section 15-342 or to build school buildings, but the
authorization by vote of the school district shall not necessarily specify
the site to be purchased.

3. To decide whether the bonds of the school district shall be issued
and sold for the purpose of raising money for purchasing or leasing school
lots, for building or renovating school buildings, FOR SUPPLYING SCHOOL
BUILDINGS WITH FURNITURE, EQUIPMENT AND TECHNOLOGY, for improving school
grounds, for purchasing pupil transportation vehicles or for liquidating any
indebtedness already incurred for such purposes. Except as provided in
section 15-1021, subsection M, the proceeds of class B bonds or impact aid
revenue bonds shall not be used for soft capital purposes except for pupil
transportation vehicles. BONDS ISSUED FOR FURNITURE, EQUIPMENT AND
TECHNOLOGY, OTHER THAN FIXTURES, SHALL MATURE NO LATER THAN THE JULY 1 THAT
FOLLOWS THE FIFTH YEAR AFTER THE BONDS WERE ISSUED. A school district shall
not issue class B bonds until the school district has obligated in contract
the entire proceeds of any class A bonds issued by the school district. The
total amount of class A and class B bonds issued by a school district shall
not exceed the debt limitations prescribed in article IX, sections 8 and 8.1,
Constitution of Arizona.

4. To lease for five or more years, as lessor or as lessee, school
buildings or grounds. Approval by a majority of the school district electors
voting authorizes the governing board to negotiate for and enter into a
lease. The ballot shall list the school buildings or grounds for which a
lease is sought. If the governing board does not enter into a lease of five
or more years of the school buildings or grounds listed on the ballot within
five years of the date of the election and the board continues to seek such a
lease, the governing board shall call a special election to reauthorize the
board to negotiate for and to enter into a lease of five or more years.

B. No petition shall be required for the holding of the first election
to be held in a joint common school district for any of the purposes
specified in subsection A of this section. The notice of election required
by section 15-492 shall be published in each of the counties which comprise
the joint common school district. The certification of election results
required by section 15-493 shall be made to the board of supervisors of the
jurisdictional county.

C. When the election is called to determine whether or not bonds of
the school district shall be issued and sold for the purposes enumerated in
the call for the election, the question shall be submitted to the vote of the
qualified electors of the school district as defined in section 15-401 and
subject to section 15-402.

D. The governing board shall order the election to be held in the
manner prescribed in title 35, chapter 3, article 3. If a petition for an
election has been filed with the governing board as provided in subsection A
of this section, the board shall act upon the petition within sixty days by
ordering the election to be held as provided in this subsection. If a school
district bond election is scheduled for the same date a school district will
hold an override election, the governing body shall deliver a copy of the
notice of election and ballot to the county school superintendent who shall
include the notice of election and ballot with the information report and
ballot prepared for the override election. Mailing of the information
required for both the override and bond elections shall constitute compliance
with the notice provisions of this section.

E. The elections to be held pursuant to this section shall only be
held on dates prescribed by section 16-204, except that elections held
pursuant to this section to decide whether class B bonds shall be issued, or
any other obligation incurred that will require the assessment of secondary
property taxes, shall only be held on the first Tuesday after the first
Monday of November.

F. Subsection A, paragraph 2 of this section does not apply to the
sale of school property if the market value of the school property is less
than fifty thousand dollars.

G. Bond counsel fees, financial advisory fees, printing costs and
paying agent and registrar fees for bonds issued pursuant to an election
under this section shall be paid from either the amount authorized by the
qualified electors of the school district or current operating funds. Bond
election expenses shall be paid from current operating funds only.

H. For any election conducted to decide whether class B bonds will be
issued pursuant to this section:

1. Except as provided in paragraph 2 of this subsection, the ballot
shall include the following statement:
The capital improvements that are proposed to be funded through this bond issuance are to exceed the state standards and are in addition to monies provided by the state. The _______ school district is proposing to issue class B general obligation bonds totaling $_________ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _______ school district is entitled to state monies for building renewal, new construction and renovation of school buildings in accordance with state law.

2. For a school district that is a joint technological education district, the ballot shall include the following statement: _________, a joint technological education district, is proposing to issue class B general obligation bonds totaling $_________ to fund capital improvements at a campus owned or operated and maintained by the joint technological education district.

3. The ballot shall contain the words “bond approval, yes” and “bond approval, no”, and the voter shall signify the voter’s desired choice.

4. The ballot shall also contain the phrase “the issuance of these bonds will result in an annual levy of property taxes sufficient to pay the debt on the bonds".

5. At least eighty-five days before the election, the school district shall submit proposed ballot language to the director of the Arizona legislative council. The director of the Arizona legislative council shall review the proposed ballot language to determine whether the proposed ballot language complies with this section. If the director of the Arizona legislative council determines that the proposed ballot language does not comply with this section, the director, within ten calendar days of the receipt of the proposed ballot language, shall notify the school district of the director's objections and the school district shall resubmit revised ballot language to the director for approval.

6. No later than thirty-five days before a class B bond election conducted pursuant to this section, the school district shall mail a publicity pamphlet to each household that contains a qualified elector in the school district. The publicity pamphlet shall contain, at a minimum, the following information:

   (a) An executive summary of the school district's most recent capital plan submitted to the school facilities board.

   (b) A complete list of each proposed capital improvement that will be funded with the proceeds of the bonds and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

   (c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at one hundred thousand dollars.
I. For any election conducted to decide whether impact aid revenue bonds shall be issued pursuant to this section:

1. The ballot shall include the following statement:
   The capital improvements that are proposed to be funded through this bond issuance are to exceed the state standards and are in addition to monies provided by the state. ________ school district is proposing to issue impact aid revenue bonds totaling $__________ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, ________ school district is entitled to state monies for building renewal, new construction and renovation of school buildings in accordance with state law.

2. The ballot shall contain the words "bond approval, yes" and "bond approval, no", and the voter shall signify the voter's desired choice.

3. At least eighty-five days before the election, the school district shall submit proposed ballot language to the director of the legislative council. The director of the legislative council shall review the proposed ballot language to determine whether the proposed ballot language complies with this section. If the director of the legislative council determines that the proposed ballot language does not comply with this section, the director, within ten calendar days of the receipt of the proposed ballot language, shall notify the school district of the director's objections and the school district shall resubmit revised ballot language to the director for approval.

4. No later than thirty-five days before an impact aid revenue bond election conducted pursuant to this section, the school district shall mail a publicity pamphlet to each household that contains a qualified elector in the school district. The publicity pamphlet shall contain, at a minimum, the following information:
   (a) The date of the election.
   (b) The voter's polling place and the times it is open.
   (c) An executive summary of the school district's most recent capital plan submitted to the school facilities board.
   (d) A complete list of each proposed capital improvement that will be funded with the proceeds of the bonds and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.
   (e) A statement that impact aid revenue bonds will be fully funded by aid that the school district receives from the federal government and do not require a levy of taxes in the district.
   (f) A statement that if the bonds are approved the first priority for the impact aid will be to pay the debt service for the bonds and that other uses of the monies are prohibited until the debt service obligation is met.
   (g) A statement that if the impact aid revenue bonds are approved, the school district shall not issue or sell class B bonds while the district has
existing indebtedness from impact aid revenue bonds, except for bonds issued
to refund any bonds issued by the board.

J. If the voters approve the issuance of school district class B bonds
or impact aid revenue bonds, the school district shall not use the bond
proceeds for any purposes other than the proposed capital improvements listed
in the publicity pamphlet, except that up to ten per cent of the bond
proceeds may be used for general capital expenses, including cost overruns of
proposed capital improvements.

K. Each school district that issues bonds under this section is
required to hold a public meeting each year between September 1 and October
31, until the bond proceeds are spent, at which an update of the progress of
capital improvements financed through bonding is discussed and at which the
public is permitted an opportunity to comment. At a minimum, the update
shall include a comparison of the current status and the original projections
on the construction of capital improvements, the costs of capital
improvements and the costs of capital improvements in progress or completed
since the prior meeting and the future capital bonding plans of the school
district. The school district shall include in the public meeting a
discussion of the school district’s use of state capital aid and
voter-approved capital overrides in funding capital improvements, if any.

Sec. 14. Section 15-502, Arizona Revised Statutes, is amended to read:
15-502. Employment of school district personnel; payment of
wages of discharged employee

A. The governing board may at any time employ and fix the salaries
and benefits of employees necessary for the succeeding year. The contracts
of all certificated employees shall be in writing, and all employees shall be
employed subject to the provisions of section 38-481. The governing board
may obtain the services of any employee, including teachers, substitute
teachers and administrators, by contracting with a private entity that
employs personnel required by the school district.

B. A teacher shall not be employed if the teacher has not received a
certificate for teaching granted by the proper authorities. If a teacher has
filed an application and completed all of the requirements for a certificate
but time does not allow a teacher to receive a certificate before the
commencement of employment, the conditional certificate shall serve as a
certificate for the payment of wages, provided that the teacher files the
conditional certificate with the county school superintendent and the
certificate is issued within three months of the date of commencing
employment. In order to be paid wages beyond the three month period
prescribed in this subsection, the teacher shall file the certificate with
the county school superintendent. Any contract issued to a teacher who has
completed certificate requirements but has not received a certificate shall
be specifically contingent upon receipt of such a certificate. The governing
board of a school district that is subject to section 15-914.01 shall adhere
to the duties described in section 15-302, subsection A, paragraph 9 for
purposes of this subsection.
C. No dependent, as defined in section 43-1001, of a governing board member may be employed in the school district in which the person to whom such dependent is so related is a governing board member, except by consent of the board.

D. The governing board may employ certificated teachers under contract as part-time classroom teachers. Notwithstanding any other statute, a certificated teacher who has been employed by the school district for more than the major portion of three consecutive school years does not lose the entitlement to the procedures prescribed in sections 15-538.01, 15-539 through 15-544 and 15-547 if the teacher is employed under contract on a part-time basis for at least forty per cent time. As used in FOR THE PURPOSES OF this subsection, "forty per cent time" means employed for at least forty per cent of the school day required of full-time teachers of the same grade level or for at least forty per cent of the class load assigned to full-time teachers of the same grade level, as determined by the governing board.

E. THE GOVERNING BOARD MAY EMPLOY A BUSINESS MANAGER WHO HAS EXPERTISE IN FINANCE. FOR THE PURPOSES OF THIS SUBSECTION, "EXPERTISE IN FINANCE" MEANS ONE OR MORE OF THE FOLLOWING:

1. A BACCALAUREATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR PUBLIC FINANCE.

2. A GRADUATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR PUBLIC FINANCE.

3. OTHER FINANCE TRAINING OR FINANCE EXPERIENCE THAT THE GOVERNING BOARD DETERMINES IS SUFFICIENT TO QUALIFY THE PERSON TO ADMINISTER THE BUSINESS OPERATIONS OF THE SCHOOL DISTRICT.

F. Notwithstanding sections 23-351 and 23-353, if an employee is discharged from the service of a school district, the school district shall pay the wages due to the employee within ten calendar days from the date of discharge.

G. Each school district shall establish policies and procedures to provide teachers with personal liability insurance.

H. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT SHALL NOT ADOPT POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON TENURE OR SENIORITY.

Sec. 15. Section 15-503, Arizona Revised Statutes, is amended to read:

15-503. Superintendents, principals, head teachers and school psychologists; term of employment; evaluation; contract delivery; nonretention notice

A. The governing board may:

1. Employ a superintendent or principal, or both. IF THE GOVERNING BOARD EMPLOYS A SUPERINTENDENT, THE GOVERNING BOARD SHALL DETERMINE THE QUALIFICATIONS FOR THE SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING. THE GOVERNING BOARD SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID FINGERPRINT CLEARANCE CARD THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.
2. Appoint a head teacher.

3. Jointly with another governing board employ a superintendent or a principal, or both. IF THE GOVERNING BOARD JOINTLY EMPLOYS A SUPERINTENDENT, THE GOVERNINGBOARDS SHALL JOINTLY DETERMINE THE QUALIFICATIONS FOR THE SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING. THE GOVERNING BOARDS SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID FINGERPRINT CLEARANCE CARD THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

B. The term of employment of superintendents or principals may be for any period not exceeding three years, except that if the superintendent's or principal's contract with the school district is for multiple years pursuant to this subsection the school district shall not offer to extend or renegotiate the contract until May of the year preceding the final year of the contract. The school district governing board or the governing body of the charter school shall communicate the superintendent's or principal's duties with respect to the classroom site fund established by section 15-977.

C. The governing board shall establish systems for the evaluation of the performance of principals and other school administrators and certificated school psychologists in the school district. In the development and adoption of these performance evaluation systems, the governing board shall avail itself of the advice of its administrators and certificated school psychologists. Each evaluation shall include recommendations as to areas of improvement in the performance of the certificated school psychologist if the performance of the certificated school psychologist warrants improvement. After transmittal of an assessment, a board designee shall confer with the certificated school psychologist to make specific recommendations as to areas of improvement in the certificated school psychologist's performance. The board designee shall provide assistance and opportunities for the certificated school psychologist to improve his performance and shall follow up with the certificated school psychologist after a reasonable period of time for the purpose of ascertaining that the certificated school psychologist is demonstrating adequate performance. The evaluation process for certificated school psychologists shall include appeal procedures for certificated school psychologists who disagree with the evaluation of their performance, if the evaluation is for use as criteria for establishing compensation or dismissal.

D. On or before May 15 EACH YEAR, the governing board shall offer a contract for the next school year to each certified administrator and certificated school psychologist who is in the last year of his contract unless, on or before April 15, the governing board, a member of the board acting on behalf of the board or the superintendent of the school district gives notice to the administrator or certificated school psychologist of the board's intention not to offer a new contract. If the governing board has called for an override election for the third Tuesday in May as provided in section 15-481, the governing board shall offer a contract for the next school year to each certified administrator or certificated school psychologist who is in the last year of his contract on or before June 15.
unless, no later than five days after the override election excluding Saturday, Sunday and legal holidays, the governing board, a member of the board acting on behalf of the board or the superintendent of the school district gives notice to the administrator or the certificated school psychologist of the board's intention not to offer a new contract. The administrator's or the certificated school psychologist's acceptance of the contract shall be indicated within thirty days from the date of the written contract or the offer is revoked. The administrator or certificated school psychologist accepts the contract by signing the contract and returning it to the governing board or by making a written instrument which accepts the terms of the contract and delivering the written instrument to the governing board.

E. Notice of the board's intention not to reemploy the administrator or certificated school psychologist shall be made by delivering the notice personally to the administrator or the certificated school psychologist or by sending the notice by certified mail, postmarked on or before the applicable deadline prescribed in subsection D of this section, and directed to the administrator or the certificated school psychologist at his place of residence as recorded in the school district records.

Sec. 16. Title 15, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 15-504, to read:

15-504. Contract days for professional association activities; prohibition

SCHOOL DISTRICT EMPLOYMENT CONTRACTS SHALL NOT INCLUDE COMPENSATED DAYS FOR PROFESSIONAL ASSOCIATION ACTIVITIES. FOR THE PURPOSES OF THIS SECTION, PROFESSIONAL ASSOCIATION ACTIVITIES DO NOT INCLUDE CONDUCT THAT OCCURS DURING A FIELD TRIP FOR PUPILS. THIS SECTION DOES NOT PROHIBIT INDIVIDUAL EMPLOYEES OF SCHOOL DISTRICTS FROM TAKING COMPENSATED LEAVE TIME FOR ANY PERSONAL PURPOSE, ANY PROFESSIONAL PURPOSE OR ANY OTHER LAWFUL PURPOSE.

Sec. 17. Section 15-536, Arizona Revised Statutes, is amended to read:

15-536. Offer of contract to certificated teacher who has not been employed more than three consecutive school years; acceptance; notice to teacher of intention not to reemploy

A. Subject to the provisions of sections 15-539, 15-540, 15-541, 15-544 and 15-549, the governing board shall, between March 15 and May 15, offer a teaching contract for the next ensuing school year to each certificated teacher who has not been employed by the school district for more than the major portion of three consecutive school years and who is under a contract of employment with the school district for the current school year, unless, on or before April 15, the governing board, a member of the board acting on behalf of the board or the superintendent of the school district gives notice to the teacher of the board's intention not to offer a teaching contract— OR unless such teacher has been dismissed pursuant to section 15-538, 15-539, 15-541 or 15-544. The teacher's acceptance of the contract for the ensuing year must be indicated within thirty days from the
date of the written contract or the offer is revoked. The teacher accepts
the contract by signing the contract and returning it to the governing board
or by making a written instrument which accepts the terms of the contract and
delivering it to the governing board. If the written instrument includes
terms in addition to the terms of the contract offered by the board, the
teacher fails to accept the contract.

B. Notice of the board's intention not to reemploy the teacher shall
be by delivering it personally to the teacher or by sending it by registered
or certified mail bearing a postmark of on or before April 15, directed to
the teacher at his THE TEACHER’S place of residence as recorded in the school
district records. The notice shall incorporate a statement of reasons for
not reemploying the teacher. If the reasons are charges of inadequacy of
classroom performance as defined by the governing board pursuant to section
15-539, subsection D, the board, or its authorized representative, shall, at
least ninety days prior to such notice, SHALL give the teacher written
preliminary notice of his inadequacy, specifying the nature of the inadequacy
with such particularity as to furnish the teacher an opportunity to correct
his THE inadequacies and overcome the grounds for such charge. The governing
board may delegate to employees of the governing board the general authority
to issue preliminary notices of inadequacy of classroom performance to
teachers pursuant to this subsection without the need for prior approval of
each notice by the governing board. In all cases in which an employee of the
governing board issues a preliminary notice of inadequacy of classroom
performance without prior approval by the governing board, the employee shall
report its issuance to the governing board within five school days. The
written notice of intention not to reemploy shall include a copy of any
evaluation pertinent to the charges made and filed with the board.

C. Nothing in this section shall be construed so as to provide a
certificated teacher who has not been employed by the school district for
more than the major portion of three consecutive school years and who has
received notice of the board's intention not to offer a teaching contract
with the right to a hearing pursuant to the provisions of section 15-539,
subsection G.

Sec. 18. Section 15-538.01, Arizona Revised Statutes, is amended to
read:

15-538.01. Offer of contract to certificated teacher employed
more than three consecutive school years
A. Subject to the provisions of sections 15-539, 15-540, 15-541,
15-544 and 15-549, the governing board shall, between March 15 and May 15,
offer to each certificated teacher who has been employed by the school
district for more than the major portion of three consecutive school years
and who is under contract of employment with the school district for the
current year a contract renewal for the next ensuing school year unless on or
before May 15 the governing board, a member of the board acting on behalf of
the board or the superintendent of the school district gives notice to the
teacher of the board's intent not to offer a contract and to dismiss the teacher as provided in section 15-539.

B. The teacher's acceptance of the contract must be indicated within thirty days from the date of the written contract or the offer of a contract is revoked. The teacher accepts the contract by signing the contract and returning it to the governing board or by making a written instrument which accepts the terms of the contract and delivering it to the governing board. If the written instrument includes terms in addition to the terms of the contract offered by the board, the teacher fails to accept the contract.

C. If dismissal proceedings in reference to the teacher cannot be completed by May 15 through no fault of the governing board or the superintendent, or if the incidents relied on in whole or in part occurred after May 15, dismissal proceedings may continue or be initiated.

Sec. 19. Section 15-539, Arizona Revised Statutes, is amended to read:

15-539. Dismissal of certificated teacher; due process; written charges; notice; hearing on request

A. Upon a written statement of charges presented by the superintendent, charging that there exists cause for the suspension without pay for a period of time greater than ten school days or dismissal of a certificated teacher of the district, the governing board shall, except as otherwise provided in this article, give notice to the teacher of its intention to suspend without pay or dismiss the teacher at the expiration of thirty days from the date of the service of the notice.

B. Whenever the superintendent presents a statement of charges wherein the alleged cause for dismissal constitutes immoral or unprofessional conduct, the governing board may adopt a resolution that a complaint be filed with the department of education. Pending disciplinary action by the state board of education, the certificated teacher may be reassigned by the superintendent or placed on administrative leave by the board pursuant to section 15-540.

C. The governing board shall give a certificated teacher who has been employed by the school district for more than the major portion of three consecutive school years notice of intention to dismiss if its intention to dismiss is based on charges of inadequacy of classroom performance as defined by the governing board pursuant to subsection D of this section. The governing board or its authorized representative shall give the teacher a written preliminary notice of inadequacy of classroom performance at least ten instructional days prior to the start of the period of time within which to correct the inadequacy and overcome the grounds for the charge. The governing board may delegate to employees of the governing board the general authority to issue preliminary notices of inadequacy of classroom performance to teachers pursuant to this section without the need for prior approval of each notice by the governing board. In all cases in which an employee of the governing board issues a preliminary notice of inadequacy of classroom performance without prior approval by the governing board, the employee shall report its issuance to the governing board within five school days. The
written preliminary notice of inadequacy of classroom performance shall specify the nature of the inadequacy of classroom performance with such particularity as to furnish the teacher an opportunity to correct the teacher's inadequacies and overcome the grounds for the charge. The written preliminary notice of inadequacy of classroom performance shall be based on a valid evaluation according to school district procedure, shall include a copy of any evaluation pertinent to the charges made and shall state the date by which the teacher has to correct the inadequacy and overcome the grounds for the charge. That evaluation shall not be conducted within two instructional days of any school break of one week or more. The written preliminary notice of inadequacy of classroom performance shall allow the teacher not less than eighty-five sixty instructional days within which to correct the inadequacy and overcome the grounds for the charge. If within the time specified in the written preliminary notice of inadequacy of classroom performance the teacher does not demonstrate adequate classroom performance, the governing board shall dismiss the teacher either within thirty ten days of the service of a subsequent notice of intention to dismiss or by the end of the contract year in which the subsequent notice of intention to dismiss is served unless the teacher has requested a hearing as provided in subsection G of this section. If the teacher demonstrates adequate classroom performance during the period allowed to correct such deficiencies as specified in the written preliminary notice of inadequacy of classroom performance, the governing board may not dismiss the teacher for the reasons specified in the written preliminary notice of inadequacy of classroom performance. If the governing board of a school district has received approval to budget for a career ladder program, the governing board may define inadequacy of classroom performance by establishing a single level of performance which is required of all teachers or by establishing more than one required level of performance. If more than one level is established, the same level of performance for minimum adequacy shall be required of all teachers who have completed the same number of years of teaching in the district.

D. The governing board shall develop a definition of inadequacy of classroom performance that applies to notices issued pursuant to section 15-536, section 15-538 and this section. The governing board shall develop its definition of inadequacy of classroom performance in consultation with its certificated teachers. The consultation may be accomplished by holding a public hearing, forming an advisory committee, providing teachers the opportunity to respond to a proposed definition or obtaining teacher approval of a career ladder program which defines inadequacy of classroom performance.

E. Any written statement of charges alleging unprofessional conduct, conduct in violation of the rules or policies of the governing board or inadequacy of classroom performance shall specify instances of behavior and the acts or omissions constituting the charge so that the certificated teacher will be able to prepare a defense. If applicable, it shall state the statutes, rules or written objectives of the governing board which the
certificated teacher is alleged to have violated and set forth the facts
relevant to each occasion of alleged unprofessional conduct, conduct in
violation of the rules or policies of the governing board or inadequacy of
classroom performance.

F. The notice shall be in writing and shall be served upon the
certificated teacher personally or by United States registered or certified
mail addressed to the teacher's last known address. A copy of the charges,
together with a copy of this section and sections 15-501, 15-538.01, 15-540,
15-541, 15-542 and 15-544 through 15-547, shall be attached to the notice.

G. The certificated teacher who receives notice that there exists
cause for dismissal or suspension without pay shall have the right to a
hearing if the teacher files a written request with the governing board
within thirty TEN days of service of notice. The filing of a timely request
shall suspend the imposition of a suspension without pay or a dismissal
pending completion of the hearing.

Sec. 20. Section 15-541, Arizona Revised Statutes, is amended to read:

15-541. Hearing on dismissal

A. The governing board shall decide whether to hold a hearing on the
dismissal or suspension without pay for a period of time longer than ten days
of a certificated teacher as provided in this article. If the governing
board decides not to hold a hearing, the governing board shall designate a
hearing officer to hold the hearing, hear the evidence, prepare a record and
issue a recommendation to the governing board for action. The governing
board may provide by policy or vote at its annual organizational meeting that
all hearings conducted pursuant to this section will SHALL be conducted
before a hearing officer. The hearing officer will SHALL be mutually agreed
upon by the parties to the hearing. If the parties cannot mutually agree on
a hearing officer, a hearing officer will SHALL be selected by the governing
board from a list provided by the department of education or the American
arbitration association. The hearing shall be held not less than ten FIIFTEEN
nor more than twenty-five THIRTY days after the request is filed unless all
parties to the hearing mutually agree to a different hearing date, and notice
of the time and place of the hearing shall be given to the teacher not less
than three days before the date of the hearing. The teacher may request that
the hearing be conducted in public or private. At the hearing the teacher
may appear in person and by counsel, if desired, and may present any
testimony, evidence or statements, either oral or in writing, in the
teacher's behalf. The governing board or the hearing officer shall prepare
an official record of the hearing, including all testimony recorded manually
or by mechanical device, and exhibits. The teacher who is the subject of the
hearing may not request that the testimony be transcribed unless the teacher
agrees in writing to pay the actual cost of the transcription. Within ten
days after a hearing conducted by the governing board, the board shall
determine whether there existed good and just cause for the notice of
dismissal or suspension and shall render its decision accordingly, either
affirming or withdrawing the notice of dismissal or suspension. Within ten
days after a hearing conducted by a hearing officer, the hearing officer shall deliver a written recommendation to the governing board that includes findings of fact and conclusions. Parties to the hearing have the right to object to the findings of the hearing officer and present oral and written arguments to the governing board.

B. A hearing held pursuant to this section may not be conducted by any hearing officer having a personal interest which would conflict with THE HEARING OFFICER'S objectivity in the hearing. The governing board has an additional ten days to determine whether good and just cause existed for the notice of dismissal or suspension and shall render its decision accordingly, either affirming or withdrawing the notice of suspension or dismissal. Good and just cause does not include religious or political beliefs or affiliations unless they are in violation of the oath of the teacher.

Sec. 21. Section 15-544, Arizona Revised Statutes, is amended to read:

15-544. Limitations on reduction of salaries or personnel
A. A governing board may reduce salaries or eliminate certificated teachers in a school district in order to effectuate economies in the operation of the district or to improve the efficient conduct and administration of the schools of the school district, but no reduction in the salary of a certificated teacher who has been employed by the school district for more than the major portion of three consecutive school years shall be made except in accordance with a general salary reduction in the school district by which the teacher is employed, and in such case the reduction shall be applied equitably among all such teachers.

B. Notice of a general salary reduction shall be given each certificated teacher affected not later than May 15 before the fiscal year in which the reduction is to take effect.

C. A certificated teacher dismissed for reasons of economy or to improve the efficient conduct and administration of the schools of the school district shall have a preferred right of reappointment in the order of original employment by the governing board in the event of an increase in the number of certificated teachers or the reestablishment of services within a period of three years.

D. The provisions of this section do not apply to reductions in salary from monies from the classroom site fund pursuant to section 15-977.

Sec. 22. Section 15-703, Arizona Revised Statutes, is amended to read:

15-703. Kindergarten programs and special departments; special teachers
A. The governing board may:
   1. Establish departments of industrial arts and consumer education and homemaking.
   2. Employ special teachers in special subjects.

B. Each common school district or unified school district shall establish a kindergarten program, unless the governing board of such common school district or unified school district files an exemption claim with the
department of education. A district is exempt from establishing a
kindergarten program if it files with the department of education an
exemption claim which states that the establishment of a kindergarten program
will interfere with the work of, or maintenance of efficiency in, the grades
and that a kindergarten program is not in the best interests of the
district. Each school district that establishes a kindergarten program shall
offer half-day kindergarten programs that provide academically meaningful
instruction in each of the academic standards adopted by the state board of
education. A school district that establishes a full-day kindergarten
program shall allow each parent of a kindergarten pupil to choose either
half-day kindergarten instruction or full-day kindergarten instruction AND
SHALL PROVIDE THE OPTION OF ACADEMICALLY MEANINGFUL HALF-DAY KINDERGARTEN
INSTRUCTION IN EVERY SCHOOL IN THE SCHOOL DISTRICT THAT HAS ENOUGH STUDENTS
TO FILL A HALF-DAY KINDERGARTEN CLASS AT A CLASS SIZE THAT IS APPROXIMATELY
EQUAL TO THE AVERAGE KINDERGARTEN CLASS SIZE FOR THE SCHOOL DISTRICT AS A
WHOLE.

C. For the purpose of maintaining a kindergarten program a common
school district or unified school district governing board may lease such
buildings as may be necessary as provided by law.

Sec. 23. Section 15-741, Arizona Revised Statutes, is amended to read:
15-741. Assessment of pupils
A. The state board of education shall:
1. Adopt rules for purposes of this article pursuant to title 41, chapter 6.
2. Adopt and implement an Arizona instrument to measure standards test
to measure pupil achievement of the state board adopted academic standards in
reading, writing and mathematics in at least four grades designated by the
board. The board shall determine the manner of implementation. THE BOARD
SHALL NOT REQUIRE HIGH SCHOOL PUPILS TO MEET OR EXCEED THE STANDARDS MEASURED
BY THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IN ANY STANDARDS OTHER
THAN READING, WRITING AND MATHEMATICS IN ORDER TO GRADUATE FROM HIGH SCHOOL.
The board may administer assessments of the academic standards in social
studies and science, EXCEPT THAT A PUPIL SHALL NOT BE REQUIRED TO MEET OR
EXCEED THE SOCIAL STUDIES OR SCIENCE STANDARDS MEASURED BY THE ARIZONA
INSTRUMENT TO MEASURE STANDARDS TEST IN ORDER TO GRADUATE FROM HIGH SCHOOL.
Prior to the administration of the tests to pupils and following the
statewide piloting of the tests, the board shall approve, at a public
meeting, the Arizona instrument to measure standards test.
3. Adopt and implement a statewide nationally standardized
norm-referenced achievement test in reading, language arts and mathematics,
except that the superintendent of public instruction may determine additional
grade levels for which pupils are tested. The tests shall be consistent with
the state standards and shall be administered during the spring of each year
between March 15 and May 1.
4. Ensure that the tests prescribed in this section are uniform
throughout the state.
5. Ensure that the tests prescribed in this section are able to be scored in an objective manner and that the tests are not intended to advocate any sectarian, partisan or denominational viewpoint.

6. Ensure that the results of the nationally standardized norm-referenced achievement tests established as provided in this article are comparable to associated grade equivalents, percentiles and stanines derived from a multistate sample.

7. Include within its budget all costs pertaining to the tests prescribed in this article. If sufficient monies are appropriated, the state board may provide norm-referenced achievement test services to school districts which request assistance in testing pupils in grades additional to those required by this section.

8. Use subtests of the statewide nationally standardized norm-referenced achievement test as designated by the state board to assess pupils in reading, language arts and mathematics, at a level appropriate for their grade level.

9. Survey teachers, principals and superintendents on achievement related nontest indicators, including information on graduation rates by ethnicity and dropout rates by ethnicity for each grade level. Before the survey, the state board of education shall approve at a public meeting the nontest indicators on which data will be collected. In conducting the survey and collecting data, the state board of education shall not violate the provisions of the family educational rights and privacy act (P.L. 93-380), as amended, nor disclose personally identifiable information.

10. Establish a fair and consistent method and standard by which norm-referenced test scores from schools in a district may be evaluated taking into consideration demographic data. The board shall establish intervention strategies to assist schools with scores below the acceptable standard. The board shall annually review district and school scores and shall offer assistance to school districts in analyzing data and implementing intervention strategies. The board shall use the adopted norm-referenced test and methods of data evaluation for a period of at least ten years.

11. Participate in other assessments that provide national comparisons as needed.

B. The standardized norm-referenced achievement tests adopted by the state board as provided in subsection A shall be given annually. The tests shall be administered over a one week period between March 15 and May 1. Nontest indicator data and other information shall be collected at the same time as the collection of standardized norm-referenced achievement test data.

C. Local school district governing boards shall:

1. Administer the tests prescribed in subsection A.

2. Survey teachers, principals and superintendents on achievement related nontest indicator data as required by the state board, including information related to district graduation and dropout rates. In conducting the survey and collecting data, the governing board shall not violate the
provisions of the family educational rights and privacy act (P.L. 93-380), as
amended, nor disclose personally identifiable information.

D. ANY ADDITIONAL ASSESSMENTS FOR HIGH SCHOOL PUPILS THAT ARE ADOPTED
BY THE STATE BOARD OF EDUCATION AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
THIS SECTION SHALL BE DESIGNED TO MEASURE COLLEGE AND CAREER READINESS OF
PUPILS.

E. A test for penmanship shall not be required pursuant to this

Sec. 24. Section 15-746, Arizona Revised Statutes, is amended to read:

15-746. School report cards

A. Each school shall distribute an annual report card that contains at
least the following information:

1. A description of the school's regular, magnet and special
instructional programs.

2. A description of the current academic goals of the school.

3. A summary of the results achieved by pupils enrolled at the school
during the prior three school years as measured by the Arizona instrument to
measure standards test and the nationally standardized norm-referenced
achievement test as designated by the state board and as reported in the
annual report prescribed by section 15-743, a summary of the pupil progress
on an ongoing and annual basis, showing the trends in gain or loss in pupil
achievement over time in reading, language arts and mathematics for all years
in which pupils are enrolled in the school district for an entire school year
and for which this information is available and a summary of the pupil
progress for pupils not enrolled in a district for an entire school year.

4. The school's current expenditures per pupil for classroom supplies,
classroom instruction excluding classroom supplies, administration, support
services-students, and all other support services and operations. The
current expenditures per pupil by school shall include allocation of the
district-wide expenditures to each school, as provided by the district. The
report shall include a comparison of the school to the state amount for a
similar type of district as calculated in section 15-255. The method of
calculating these per pupil amounts and the allocation of expenditures shall
be as prescribed in the uniform system of financial records.

5. The attendance rate of pupils enrolled at the school as reflected
in the school's average daily membership as defined in section 15-901.

6. The total number of incidents that occurred on the school grounds,
at school bus stops, on school buses and at school sponsored events and that
required the contact of a local, county, tribal, state or federal law
enforcement officer pursuant to section 13-3411, subsection F, section
13-3620, section 15-341, subsection A, paragraph 33 31 or section 15-515.
The total number of incidents reported shall only include reports that law
enforcement officers report to the school are supported by probable cause.
For the purposes of this paragraph, a certified peace officer who serves as a
school resource officer is a law enforcement officer. A school may provide
clarifying information if the school has a school resource officer on campus.
7. The percentage of pupils who have either graduated to the next
grade level or graduated from high school.
8. A description of the social services available at the school site.
9. The school calendar, including the length of the school day and
hours of operations.
10. The total number of pupils enrolled at the school during the
previous school year.
11. The transportation services available.
12. Beginning in the 2000-2001 school year and until July 1, 2006, the
reading instruction programs used by the school for kindergarten programs and
grades one, two and three, pursuant to section 15-704. The report card shall
include a district comparison of test scores among the different programs of
reading instruction and shall identify the program of reading instruction
used in each classroom.
13. A description of the responsibilities of parents of children
enrolled at the school.
14. A description of the responsibilities of the school to the parents
of the children enrolled at the school, including dates the report cards are
delivered to the home.
15. A description of the composition and duties of the school council
as prescribed in section 15-351 if such a school council exists.
16. For the most recent year available, the average current expenditure
per pupil for administrative functions compared to the predicted average
current expenditure per pupil for administrative functions according to an
analysis of administrative cost data by the joint legislative budget
committee staff.
17. If the school provides instruction to pupils in kindergarten
programs and grades one through three, the ratio of pupils to teachers in
each classroom where instruction is provided in kindergarten programs and
grades one through three.
18. The average class size per grade level for all grade levels,
kinderergarten programs and grades one through eight. For the purposes of this
paragraph, "average class size" means the weighted average of each class.
B. The department of education shall develop a standardized report
card format that meets the requirements of subsection A of this section. The
department shall modify the standardized report card as necessary on an
annual basis. The department shall distribute to each school in this state a
copy of the standardized report card that includes the required test scores
for each school. Additional copies of the standardized report card shall be
available on request.
C. After each school has completed the report card distributed to it
by the department of education, the school, in addition to distributing the
report card as prescribed in subsection A of this section, shall send a copy
of the report card to the department. The department shall prepare an annual
report that contains the report card from each school in this state.
D. The school shall distribute report cards to parents of pupils enrolled at the school, no later than the last day of school of each fiscal year, and shall present a summary of the contents of the report cards at an annual public meeting held at the school. The school shall give notice at least two weeks before the public meeting that clearly states the purposes, time and place of the meeting.

Sec. 25. Section 15-765, Arizona Revised Statutes, is amended to read:

15-765. Special education in rehabilitation, corrective or other state and county supported institutions, facilities or homes

A. For the purposes of this section and section 15-764, children with disabilities who are being provided with special education in rehabilitation, corrective or other state and county supported institutions or facilities are the responsibility of that institution or facility, including children with disabilities who are not enrolled in a residential program and who are being furnished with daily transportation. Special education programs at the institution or facility shall conform to the conditions and standards prescribed by the director of the division of special education.

B. Notwithstanding the provisions of subsection A of this section, the department of economic security or the department of health services may request on behalf of a school-age child with a disability residing in a residential facility or foster home operated or supported by the department of economic security or the department of health services that the school district in which the facility or home is located enroll the school-age child in the district, subject to section 15-825. The school district, upon the request by the department of economic security or the department of health services, shall enroll the child and provide any necessary special education and related services, subject to section 15-766. A school district in which a child with a disability is enrolled shall coordinate the development of an individualized education program with the development of an individual program or treatment plan. The provision of special education and related services to a child with a disability may be subject to the provisions of subsection D of this section.

C. Before any placement is made in facilities described in this section, the school district of residence shall ensure that a full continuum of alternative placements is available to meet the needs of children with disabilities and that the proposed placement is the least restrictive environment in which appropriate education services can be provided to the child.

D. A school district or county school superintendent may contract with, and make payments to, other public or private schools, institutions and agencies approved by the division of special education, within or without the school district or county, for the education of and provision of services to children with disabilities if the provisions of section 15-766 and the conditions and standards prescribed by the division of special education have been met and if unable to provide satisfactory education and services through
its own facilities and personnel in accordance with the rules prescribed by
the state board of education AS PROVIDED IN SECTION 15-213. No school
district may contract or make payments under the authority of this section or
section 15-764 or any other provisions of law for the residential or
educational costs of placement of children with disabilities in an approved
private special education school, institution or agency unless the children
are evaluated and placed by a school district. The following special
provisions apply in order to qualify for the group B ED-P weight:

1. If the child is placed in a private special education program, the
chief administrative official of the school district or county or other
person designated by the school district or county as responsible for special
education shall verify that the pupil is diagnosed with an emotional
disability as defined in section 15-761, that no appropriate program exists
within the school district or county, as applicable, and that no program can
feasibly be instituted by the school district or county, as applicable.
2. If the child is placed in a special program that provides intensive
services within a school district, the chief administrative official of the
school district or county or other person as designated by the school
district or county as responsible for special education shall verify that the
pupil placed in such a program is diagnosed with an emotional disability as
defined in section 15-761 and that appropriate services cannot be provided in
traditional resource and self-contained special education classes.

E. When a state placing agency initially places a pupil in a private
residential facility, the home school district must conduct an evaluation
pursuant to section 15-766 or review the educational placement of a pupil who
has previously been determined eligible for special education services. The
school district shall notify the appropriate state placing agency when a
child requires an evaluation for possible receipt of services provided by
that agency or a residential special education placement. The school
district and the state agency shall jointly evaluate the child, including
consideration of relevant information from additional sources, including
probation or parole officers, caseworkers, guardians ad litem and court
appointed special advocates.

F. If the child is not eligible for special education or does not
require residential special education placement, sections 15-1182 and 15-1183
apply.

G. If the individualized education program team determines that a
residential special education placement is the least restrictive environment
in which an appropriate educational program can be provided, the home school
district shall submit the following documentation to the department of
education:

1. A residential special education voucher application signed by
designated representatives of the state placing agency, as defined in section
15-1181, and the home school district, respectively.
2. The educational reasons for recommending the residential special
education placement, including an evaluation or addendum to the evaluation
that describes the instructional and behavioral interventions that were
previously attempted and the educational reasons for recommending the
residential special education placement, including documentation that the
nature or severity of the disability is such that education in a less
restrictive environment is not appropriate.

3. Exit criteria as required in subsection K of this section.

4. That prior written notice for a change in the child’s placement was
provided.

H. If a residential special education placement is required by the
child’s individualized education program, the educational component of the
residential facility shall be one that is approved by the department of
education for the specific special education services required.

I. The residential component of the facility in which the residential
special education placement is made shall be licensed by the department of
economic security or the department of health services, whichever is
appropriate.

J. Following and in accordance with the consensus decision of the
individualized education program team as prescribed in section 15-766, a
residential special education placement shall be made by the school district
and the appropriate state agency. The individualized education program team
shall determine whether a residential special education placement is
necessary. The state placing agency shall consider the recommendations of
the individualized education program team in selecting the specific
residential facility. The department of education shall enter into
interagency services agreements with the department of economic security or
the department of health services to establish a mechanism for resolving
disputes if the school district and the department of economic security or
the department of health services cannot mutually agree on the specific
residential placement to be made. Dispute resolution procedures may not be
used to deny or delay residential special education placement.

K. The individualized education program for any child who requires
residential special education placement must include exit criteria that
indicate when the educational placement of the child shall be reviewed to
determine whether the child can be moved to a less restrictive placement.

L. All noneducational and nonmedical costs incurred by the placement
of a child with a disability in a private or public school program and
concurrent out-of-home care program shall be paid by the department of
economic security for those children eligible to receive services through the
division of developmental disabilities or the administration for children,
youth and families of the department of economic security and by the
department of health services for those children eligible to receive services
through the division of behavioral health in the department of health
services or children’s rehabilitation services. Nothing in this section is
intended to prevent or limit the department of health services and the
department of economic security from joint case management of any child who
qualifies for services from both agencies or from sharing the noneducational
costs of providing those services. The educational costs incurred by the placement of a child with a disability in an out-of-home care facility shall be paid as follows:

1. Through a residential special education placement voucher as provided in section 15-1184 if the child is determined to require a residential special education placement as defined in section 15-761.

2. Through an initial or continuing residential education voucher if a child is placed in a private residential facility by a state placing agency, as defined in section 15-1181, for care, treatment and safety reasons and the child needs educational services while in that placement.

3. Through a certificate of educational convenience if the child is attending a public school not within the child's school district of residence as provided in section 15-825.

4. By the home school district, pursuant to a contract with a public or private school as provided in subsection D of this section, if the home school district is unable to provide satisfactory education and services through its own facilities and personnel.

M. The department of economic security or the department of health services, whichever is appropriate, shall determine if the child placed for purposes of special education in a private or public school and concurrent out-of-home care is covered by an insurance policy which provides for inpatient or outpatient child or adolescent psychiatric treatment. The appropriate state agency may only pay charges for treatment costs that are not covered by an insurance policy. Notwithstanding any other law, the appropriate state agency may pay for placement costs of the child before the verification of applicable insurance coverage. On the depletion of insurance benefits, the appropriate state agency shall resume payment for all noneducational and nonmedical costs incurred in the treatment of the child. The appropriate state agency may request the child's family to contribute a voluntary amount toward the noneducational and nonmedical costs incurred as a result of residential placement of the child. The amount which the appropriate state agency requests the child's family to contribute shall be based on guidelines in the rules of the appropriate state agency governing the determination of contributions by parents and estates. Nothing in this subsection shall be construed to require parents to incur any costs for required special education and related services or shall be construed to result in a reduction in lifetime insurance benefits available for a child with a disability.

N. If appropriate services are offered by the school district and the parent or the child chooses for the child to attend a private facility, either for day care or for twenty-four hour care, neither the school district nor the respective agency is obligated to assume the cost of the private facility. If residential twenty-four hour care is necessitated by factors such as the child's home condition and is not related to the special educational needs of the child, the agency responsible for the care of the
Sec. 26. Section 15-843, Arizona Revised Statutes, is amended to read:

15-843. Pupil disciplinary proceedings

A. An action concerning discipline, suspension or expulsion of a pupil is not subject to title 38, chapter 3, article 3.1, except that the governing board of a school district shall post regular notice and shall take minutes of any hearing held by the governing board concerning the discipline, suspension or expulsion of a pupil.

B. The governing board of any school district, in consultation with the teachers and parents of the school district, shall prescribe rules for the discipline, suspension and expulsion of pupils. The rules shall be consistent with the constitutional rights of pupils and shall include at least the following:

1. Penalties for excessive pupil absenteeism pursuant to section 15-803, including failure in a subject, failure to pass a grade, suspension or expulsion.
2. Procedures for the use of corporal punishment if allowed by the governing board.
3. Procedures for the reasonable use of physical force by certificated or classified personnel in self-defense, defense of others and defense of property.
4. Procedures for dealing with pupils who have committed or who are believed to have committed a crime.
5. A notice and hearing procedure for cases concerning the suspension of a pupil for more than ten days.
6. Procedures and conditions for readmission of a pupil who has been expelled or suspended for more than ten days.
7. Procedures for appeal to the governing board of the suspension of a pupil for more than ten days, if the decision to suspend the pupil was not made by the governing board.
8. Procedures for appeal of the recommendation of the hearing officer or officers designated by the board as provided in subsection F of this section at the time the board considers the recommendation.

C. Penalties adopted pursuant to subsection B, paragraph 1 of this section for excessive absenteeism shall not be applied to pupils who have completed the course requirements and whose absence from school is due solely to illness, disease or accident as certified by a person who is licensed pursuant to title 32, chapter 7, 13, 15 or 17.

D. The governing board shall:

1. Support and assist teachers in the implementation and enforcement of the rules prescribed pursuant to subsection B of this section.
2. Develop procedures allowing teachers and principals to recommend the suspension or expulsion of pupils.
3. Develop procedures allowing teachers and principals to temporarily remove disruptive pupils from a class.
4. Delegate to the principal the authority to remove a disruptive pupil from the classroom.

E. If a pupil withdraws from school after receiving notice of possible action concerning discipline, expulsion or suspension, the governing board may continue with the action after the withdrawal and may record the results of such action in the pupil's permanent file.

F. In all action concerning the expulsion of a pupil, the governing board of a school district shall:
   1. Be notified of the intended action.
   2. EITHER:
      (a) Decide, in executive session, whether to hold a hearing or to designate one or more hearing officers to hold a hearing to hear the evidence, prepare a record and bring a recommendation to the board for action and whether the hearing shall be held in executive session.
      (b) PROVIDE BY POLICY OR VOTE AT ITS ANNUAL ORGANIZATIONAL MEETING THAT ALL HEARINGS CONCERNING THE EXPULSION OF A PUPIL CONDUCTED PURSUANT TO THIS SECTION WILL BE CONDUCTED BEFORE A HEARING OFFICER SELECTED FROM A LIST OF HEARING OFFICERS APPROVED BY THE GOVERNING BOARD.

3. Give written notice, at least five working days prior to BEFORE the hearing by the governing board or the hearing officer or officers designated by the governing board, to all pupils subject to expulsion and their parents or guardians of the date, time and place of the hearing. If the governing board decides that the hearing is to be held in executive session, the written notice shall include a statement of the right of the parents or guardians or an emancipated pupil who is subject to expulsion to object to the governing board's decision to have the hearing held in executive session. Objections shall be made in writing to the governing board.

G. If a parent or guardian or an emancipated pupil who is subject to expulsion disagrees that the hearing should be held in executive session, it shall be held in an open meeting unless:
   1. If only one pupil is subject to expulsion and disagreement exists between that pupil's parents or guardians, the governing board, after consultations with the pupil's parents or guardians or the emancipated pupil, shall decide in executive session whether the hearing will be in executive session.
   2. If more than one pupil is subject to expulsion and disagreement exists between the parents or guardians of different pupils, separate hearings shall be held subject to the provisions of this section.

H. This section does not prevent the pupil who is subject to expulsion or suspension, and the pupil's parents or guardians and legal counsel, from attending any executive session pertaining to the proposed disciplinary action, from having access to the minutes and testimony of the executive session or from recording the session at the parent's or guardian's expense.

I. In schools employing a superintendent or a principal, the authority to suspend a pupil from school is vested in the superintendent, principal or
other school officials granted this power by the governing board of the
school district.
J. In schools that do not have a superintendent or principal, a
teacher may suspend a pupil from school.
K. In all cases of suspension, it shall be for good cause and shall be
reported within five days to the governing board by the superintendent or the
person imposing the suspension.
L. A teacher who fails to comply with this section is guilty of
unprofessional conduct and the teacher's certificate may be revoked.
M. L. The principal of each school shall ensure that a copy of
all rules pertaining to discipline, suspension and expulsion of pupils is
distributed to the parents of each pupil at the time the pupil is enrolled in
school.
M. M. The principal of each school shall ensure that all rules
pertaining to the discipline, suspension and expulsion of pupils are
communicated to students at the beginning of each school year, and to
transfer students at the time of their enrollment in the school.
Sec. 27. Section 15-901, Arizona Revised Statutes, as amended by Laws
2009, forty-ninth legislature, third special session, chapter 2, section 3,
is amended to read:
15-901. Definitions
A. In this title, unless the context otherwise requires:
1. "Average daily attendance" or "ADA" means actual average daily
attendance through the first one hundred days or two hundred days in session,
as applicable.
2. "Average daily membership" means the total enrollment of fractional
students and full-time students, minus withdrawals, of each school day
through the first one hundred days or two hundred days in session, as
applicable, for the current year. Withdrawals include students formally
withdrawn from schools and students absent for ten consecutive school days,
except for excused absences as identified by the department of education.
For computation purposes, the effective date of withdrawal shall be
retroactive to the last day of actual attendance of the student.
(a) "Fractional student" means:
(i) For common schools, until fiscal year 2001-2002, a preschool child
who is enrolled in a program for preschool children with disabilities of at
least three hundred sixty minutes each week or a kindergarten student at
least five years of age prior to January 1 of the school year and enrolled in
a school kindergarten program that meets at least three hundred forty-six
instructional hours during the minimum number of days required in a school
year as provided in section 15-341. In fiscal year 2001-2002, the
kindergarten program shall meet at least three hundred forty-eight hours. In
fiscal year 2002-2003, the kindergarten program shall meet at least three
hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005, the
kindergarten program shall meet at least three hundred fifty-four
hours. In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten program shall meet at least three hundred fifty-six hours. Lunch periods and recess periods may not be included as part of the instructional hours unless the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented. In computing the average daily membership, preschool children with disabilities and kindergarten students shall be counted as one-half of a full-time student. For common schools, a part-time student is a student enrolled for less than the total time for a full-time student as defined in this section. A part-time common school student shall be counted as one-fourth, one-half or three-fourths of a full-time student if the student is enrolled in an instructional program that is at least one-fourth, one-half or three-fourths of the time a full-time student is enrolled as defined in subdivision (b) of this paragraph.

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

(b) "Full-time student" means:

(i) For common schools, a student who is at least six years of age prior to January 1 of a school year, who has not graduated from the highest grade taught in the school district and who is regularly enrolled in a course of study required by the state board of education. Until fiscal year 2001-2002, first, second and third grade students, ungraded students at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities who are at least five, but under six, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least six hundred ninety-two hours during the minimum number of days required in a school year as provided in section 15-341. In fiscal year 2001-2002, the program shall meet at least six hundred ninety-six hours. In fiscal year 2002-2003, the program shall meet at least seven hundred hours. In fiscal year 2003-2004, the program shall meet at least seven hundred four hours. In fiscal year 2004-2005, the program shall meet at least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal year thereafter, the program shall meet at least seven hundred twelve hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students or ungraded students at least nine, but under twelve, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least eight hundred sixty-five hours during the minimum number of school days required in a school year as provided in section 15-341. In fiscal year 2001-2002, the program shall meet at least eight hundred seventy hours. In
fiscal year 2002-2003, the program shall meet at least eight hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet at least eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each fiscal year thereafter, the program shall meet at least eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth grade students or ungraded students at least twelve, but under fourteen, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least one thousand thirty-eight hours during the minimum number of days required in a school year as provided in section 15-341. In fiscal year 2001-2002, the program shall meet at least one thousand forty-four hours. In fiscal year 2002-2003, the program shall meet at least one thousand fifty hours. In fiscal year 2003-2004, the program shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005, the program shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006 and each fiscal year thereafter, the program shall meet at least one thousand sixty-eight hours. Lunch periods and recess periods may not be included as part of the instructional hours unless the student is a child with a disability and the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented.

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

(iii) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR A FULL-TIME HIGH SCHOOL STUDENT WHO IS CONCURRENTLY ENROLLED IN TWO SCHOOL DISTRICTS OR TWO CHARTER SCHOOLS, THE AVERAGE DAILY MEMBERSHIP SHALL NOT EXCEED 1.0.

(iv) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS CONCURRENTLY ENROLLED IN A SCHOOL DISTRICT AND A CHARTER SCHOOL, THE AVERAGE DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND THE CHARTER SCHOOL AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE AT THE SCHOOL DISTRICT AND THE CHARTER SCHOOL.

(v) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS CONCURRENTLY ENROLLED, PURSUANT TO SECTION 15-808, IN A SCHOOL DISTRICT AND ARIZONA ONLINE INSTRUCTION OR A CHARTER SCHOOL AND ARIZONA ONLINE INSTRUCTION, THE AVERAGE DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND ARIZONA ONLINE INSTRUCTION OR THE CHARTER SCHOOL AND ARIZONA ONLINE INSTRUCTION AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE AT THE SCHOOL DISTRICT AND ARIZONA ONLINE INSTRUCTION OR THE CHARTER SCHOOL AND ARIZONA ONLINE INSTRUCTION.
(vi) For homebound or hospitalized, a student receiving at least four hours of instruction per week.

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

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

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

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

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

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

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

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

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

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

6. "Daily attendance" means:
   (a) For common schools, days in which a pupil:
      (i) Of a kindergarten program or ungraded, but not group B children
      with disabilities, and at least five, but under six, years of age by
      September 1 attends at least three-quarters of the instructional time
      scheduled for the day. If the total instruction time scheduled for the year
      is at least three hundred forty-six hours but is less than six hundred
      ninety-two hours such attendance shall be counted as one-half day of
      attendance. If the instructional time scheduled for the year is at least six
      hundred ninety-two hours, "daily attendance" means days in which a pupil
      attends at least one-half of the instructional time scheduled for the day.
      Such attendance shall be counted as one-half day of attendance.
      (ii) Of the first, second or third grades, ungraded and at least six,
      but under nine, years of age by September 1 or ungraded group B children with
      disabilities and at least five, but under six, years of age by September 1
      attends more than three-quarters of the instructional time scheduled for the
day.
      (iii) Of the fourth, fifth or sixth grades or ungraded and at least nine,
      but under twelve, years of age by September 1 attends more than
      three-quarters of the instructional time scheduled for the day, except as
      provided in section 15-797.
      (iv) Of the seventh or eighth grades or ungraded and at least twelve,
      but under fourteen, years of age by September 1 attends more than
      three-quarters of the instructional time scheduled for the day, except as
      provided in section 15-797.
   (b) For common schools, the attendance of a pupil at three-quarters or
   less of the instructional time scheduled for the day shall be counted as
   follows, except as provided in section 15-797 and except that attendance for
   a fractional student shall not exceed the pupil's fractional membership:
      (i) If attendance for all pupils in the school is based on quarter
days, the attendance of a pupil shall be counted as one-fourth of a day's
      attendance for each one-fourth of full-time instructional time attended.
      (ii) If attendance for all pupils in the school is based on half days,
      the attendance of at least three-quarters of the instructional time scheduled
      for the day shall be counted as a full day's attendance and attendance at a
      minimum of one-half but less than three-quarters of the instructional time
      scheduled for the day equals one-half day of attendance.
(c) For common schools, the attendance of a preschool child with disabilities shall be counted as one-fourth day's attendance for each thirty-six minutes of attendance not including lunch periods and recess periods, except as provided in paragraph 2, subdivision (a), item (i) of this subsection for children with disabilities up to a maximum of three hundred sixty minutes each week.

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

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

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

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

7. "Daily route mileage" means the sum of:
   (a) The total number of miles driven daily by all buses of a school district while transporting eligible students from their residence to the school of attendance and from the school of attendance to their residence on scheduled routes approved by the superintendent of public instruction.
   (b) The total number of miles driven daily on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible student from the place of his residence to a school transportation pickup point or to the school of attendance and from the school transportation scheduled return point or from the school of attendance to his residence. Daily route mileage includes the total number of miles necessary to drive to transport eligible students from and to their residence as provided in this paragraph.
8. "District support level" means the base support level plus the transportation support level.

9. "Eligible students" means:
   (a) Students who are transported by or for a school district and who qualify as full-time students or fractional students, except students for whom transportation is paid by another school district or a county school superintendent, and:
   (i) For common school students, whose place of actual residence within the school district is more than one mile from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one mile from the school facility of attendance.
   (ii) For high school students, whose place of actual residence within the school district is more than one and one-half miles from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one and one-half miles from the school facility of attendance.
   (b) Kindergarten students, for purposes of computing the number of eligible students under subdivision (a), item (i) of this paragraph, shall be counted as full-time students, notwithstanding any other provision of law.
   (c) Children with disabilities, as defined by section 15-761, who are transported by or for the school district or who are admitted pursuant to chapter 8, article 1.1 of this title and who qualify as full-time students or fractional students regardless of location or residence within the school district or children with disabilities whose transportation is required by the pupil's individualized education program.
   (d) Students whose residence is outside the school district and who are transported within the school district on the same basis as students who reside in the school district.

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

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

12. "High school district" means a political subdivision of this state offering instruction to students for grades nine through twelve or that portion of the budget of a common school district which is allocated to teaching high school subjects with permission of the state board of education.
13. "Revenue control limit" means the base revenue control limit plus the transportation revenue control limit.

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

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

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

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

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

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

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

2. "Base level" means:
   (a) For fiscal year 2007-2008, three thousand two hundred twenty-six dollars eighty-eight cents.
   (b) For fiscal year 2008-2009, three thousand two hundred ninety-one dollars forty-two cents.
   (c) For fiscal year 2009-2010, three thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

6. "ED, MIMR, SLD, SLI and OHI" means programs for children with emotional disabilities, mild mental retardation, a specific learning disability, a speech/language impairment and other health impairments.

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

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

9. "Full-time equivalent certified teacher" or "FTE certified teacher" means for a certified teacher the following:
   (a) If employed full time as defined in section 15-501, 1.00.
   (b) If employed less than full time, multiply 1.00 by the percentage of a full school day, or its equivalent, or a full class load, or its equivalent, for which the teacher is employed as determined by the governing board.

10. "Group A" means educational programs for career exploration, a specific learning disability, an emotional disability, mild mental retardation, remedial education, a speech/language impairment, homebound, bilingual, preschool moderate delay, preschool speech/language delay, other health impairments and gifted pupils.

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

12. "HI" means programs for pupils with hearing impairment.

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


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

18. "MDSSI" means a program for pupils with multiple disabilities with severe sensory impairment.
19. "MOMR" means programs for pupils with moderate mental retardation.
20. "OI-R" means a resource program for pupils with orthopedic impairments.
22. "PSD" means preschool programs for children with disabilities as provided in section 15-771.
23. "P-SD" means programs for children who meet the definition of preschool severe delay as provided in section 15-771.
24. "Qualifying tax rate" means the qualifying tax rate specified in section 15-971 applied to the assessed valuation used for primary property taxes.
25. "Small isolated school district" means a school district which meets all of the following:
   (a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.
   (b) Contains no school which is fewer than thirty miles by the most reasonable route from another school, or, if road conditions and terrain make the driving slow or hazardous, fifteen miles from another school which teaches one or more of the same grades and is operated by another school district in this state.
   (c) Is designated as a small isolated school district by the superintendent of public instruction.
26. "Small school district" means a school district which meets all of the following:
   (a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.
   (b) Contains at least one school which is fewer than thirty miles by the most reasonable route from another school which teaches one or more of the same grades and is operated by another school district in this state.
   (c) Is designated as a small school district by the superintendent of public instruction.
27. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.
28. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.
29. "VI" means programs for pupils with visual impairments.

Sec. 28. Section 15-905, Arizona Revised Statutes, is amended to read:
15-905. School district budgets; notice; adoption; aggregate budget limit; summary; adjustments; definition
A. Not later than July 5 of each year or no later than the publication of notice of the public hearing and board meeting as required by this section, the governing board of each school district shall prepare and furnish to the superintendent of public instruction and the county school superintendent, unless waived by the county school superintendent, a proposed budget in electronic format for the budget year, which shall contain the information and be in the form as provided by the department of education. The proposed budget shall include the following:

1. The total amount of revenues from all sources that was necessary to meet the school district's budget for the current year.
2. The total amount of revenues by source that will be necessary to meet the proposed budget of the school district, excluding property taxes.

The governing board shall prepare the proposed budget and a summary of the proposed budget. Both documents shall be kept on file at the school district office and shall be made available to the public upon request. The auditor general in conjunction with the department of education shall prescribe the form of the summary of the proposed budget for use by governing boards.

School district governing boards may include in the proposed budget any items or amounts which are authorized by legislation filed with the secretary of state and which will become effective during the budget year. If subsequent events prevent the legislation from becoming effective, school district governing boards must reduce their budgets by the amounts budgeted pursuant to the legislation which did not become effective.

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

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

D. At the time and place fixed in the notice, the governing board shall hold the public hearing and present the proposed budget to the persons attending the hearing. Upon request of any person, the governing board shall explain the budget, and any resident or taxpayer of the school district may protest the inclusion of any item. A governing board member who has a substantial interest, as defined in section 38-502, in a specific item in the school district budget shall refrain from voting on the specific item. A governing board member may participate in adoption of a final budget even though the member may have substantial interest in specific items included in the budget.

E. Immediately following the public hearing the president shall call to order the governing board meeting for the purpose of adopting the budget. The governing board shall adopt the budget, which shall not exceed the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit, making such deductions as it sees fit but making no additions to the proposed budget total for maintenance and operations or capital outlay, and shall enter the budget as adopted in its minutes. Not later than July 18, the budget as finally adopted shall be filed by the governing board with the county school superintendent who shall immediately transmit a copy to the board of supervisors. Not later than July 18, the budget as finally adopted shall be submitted electronically to the superintendent of public instruction. On or before October 30, the superintendent of public instruction shall review the budget and notify the governing board if the budget is in excess of the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit. If the governing board receives notification that the budget is in excess of the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit by fewer than one thousand dollars, the governing board shall adjust the budget and expenditures so as not to exceed the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit for the current year. If the governing board receives notification that the budget is in excess of the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit by one thousand dollars or more, it shall on or before December 15, after it gives notice and holds a public meeting in a similar manner as provided in subsections C and D of this section, adopt a revised budget for the current year which shall not exceed the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit. THE GOVERNING BOARD SHALL REVISE THE BUDGET AS FOLLOWS:
1. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT BY ONE PER CENT OF THE GENERAL BUDGET LIMIT OR ONE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, IT SHALL ADOPT ON OR BEFORE DECEMBER 15, AFTER IT GIVES NOTICE AND HOLDS A PUBLIC MEETING IN A SIMILAR MANNER AS PROVIDED IN SUBSECTIONS C AND D OF THIS SECTION, A REVISED BUDGET FOR THE CURRENT YEAR, WHICH SHALL NOT EXCEED THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT.


3. On or before December 18, the governing board shall file the revised budget which it adopts with the county school superintendent who shall immediately transmit a copy to the board of supervisors. Not later than December 18, the budget as revised shall be submitted electronically to the superintendent of public instruction. School districts that are subject to section 15-914.01 are not required to send a copy of revised budgets to the county school superintendent. Procedures for adjusting expenditures or revising the budget shall be as prescribed in the uniform system of financial records.

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

1. Amounts within the general budget limit, as provided in section 15-947, subsection C, may only be budgeted in the following sections of the budget:
   (a) The maintenance and operation section.
   (b) The capital outlay section.

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

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

G. The governing board may authorize the expenditure of monies budgeted within the maintenance and operation section of the budget for any subsection within the section in excess of amounts specified in the adopted budget only by action taken at a public meeting of the governing board and if the expenditures for all subsections of the section do not exceed the amount budgeted as provided in this section. Until June 30, 1999, the governing board may authorize the expenditure of monies to exceed the budgeted
expenditures of the capital outlay section of the budget only by action taken at a public meeting of the governing board and if monies are available in the reserve.

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

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

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

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


I. School districts which overestimated tuition revenues as provided in section 15-947, subsection C, paragraph 2 shall adjust the general budget limit and expenditures based upon tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts which underestimated tuition revenues may adjust their budgets prior to May 15 based upon tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts which overestimated revenues as provided in section 15-947, subsection C, paragraph 2, subdivision (a), items (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit and expenditures based on actual revenues during the current fiscal year. School districts which underestimated such revenues may adjust their budgets before May 15 based on actual revenues during the current fiscal year. Procedures for completing adjustments shall be as prescribed in the uniform system of financial records. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction.

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

K. The governing board may include P.L. 81-874 assistance allocated for children with disabilities, children with specific learning disabilities, children residing on Indian lands and children residing within the boundaries
of an accommodation school that is located on a military reservation and that is classified as a heavily impacted local educational agency pursuant to 20 United States Code section 7703 which is in addition to basic assistance when determining the general budget limit as prescribed in section 15-947, subsection C. The increase in the general budget limit for children residing within the boundaries of an accommodation school that is located on a military reservation and that is classified as a heavily impacted local education agency shall equal the dollar amount calculated pursuant to 20 United States Code section 7703(b)(2). The governing board may adjust before May 15 the budget for the current year based on any adjustments which result in increases over the amount estimated by the superintendent of public instruction for P.L. 81-874 assistance for such pupils for the fiscal year preceding the current year. The governing board shall adjust before May 15 the budget for the current year based on any adjustments which result in decreases in the amount estimated by the superintendent of public instruction for P.L. 81-874 assistance for such pupils for the fiscal year preceding the current year. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. Procedures for complying with this subsection shall be as prescribed in the uniform system of financial records.

L. The state board of education shall hold a hearing if expenditures by any school district exceed the general budget limit prescribed in section 15-947, subsection C, the unrestricted capital budget limit, the soft capital allocation limit prescribed in section 15-947, subsection E, the school plant fund limits prescribed in section 15-1102, subsection B, the maintenance and operation section of the budget or the capital outlay section of the budget. If the expenditures of any school district exceed these limits or sections of the budget without authorization as provided in section 15-907, the state board of education shall reduce the state aid for equalization assistance for education for the school district computed as provided in section 15-971 during the fiscal year subsequent to the fiscal year in which the excess expenditures were made by an amount equal to the excess expenditures, except that in case of hardship to the school district, the superintendent of public instruction may approve reductions partly in the first subsequent year and partly in the second subsequent year.

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

N. Except as provided in section 15-916, no expenditure shall be made by any school district for a purpose not included in the budget or in excess of the aggregate budget limit prescribed in this section, except that if no budget has been adopted, from July 1 to July 15 the governing board may make expenditures if the total of the expenditures does not exceed ten per cent of the prior year's aggregate budget limit. Any expenditures made from July 1 to July 15 and prior to the adoption of the budget shall be included in the total expenditures for the current year. No expenditure shall be made and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for the item irrespective of whether the school district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under the budget except expenditures from cash controlled funds as defined by the uniform system of financial records and except as provided in section 15-907 and subsection G of this section. This subsection does not prohibit any school district from prepaying insurance premiums or magazine subscriptions, or from prepaying any item which is normally prepaid in order to procure the service or to receive a discounted price for the service, as prescribed by the uniform system of financial records.

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

1. For fiscal year 1988-1989:

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

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

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

   (d) Add the amounts determined in subdivisions (a) through (c).
(e) If the amount of P.L. 81-874 assistance as provided in subsection K of this section is less than the sum determined in subdivision (d) of this paragraph, the district is eligible to use the provisions of this subsection.

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

3. If the district is eligible to use the provisions of this subsection, subtract the amount of P.L. 81-874 assistance determined in subsection K of this section from the sum determined in paragraph 1, subdivision (d) of this subsection. The difference is the increase in the amount that may be included in determining the general budget limit as provided in subsection K of this section, if including this amount does not increase the district's primary tax rate for the budget year. If the amount of P.L. 81-874 assistance determined in subsection K of this section is adjusted for the current year, the increase determined in this paragraph shall be recomputed using the adjusted amount and the recomputed increase shall be reported to the department of education by May 15 on a form prescribed by the department of education.

4. If a district uses the provisions of this subsection, the district is not required to adjust its budget for the current year based on adjustments in the estimated amount of P.L. 81-874 assistance as provided in subsection K of this section.

P. A school district, except for an accommodation school, which applies for P.L. 81-874 assistance during the current year may budget an amount for P.L. 81-874 administrative costs for the budget year. The amount budgeted for P.L. 81-874 administrative costs is exempt from the revenue control limit and may not exceed an amount determined for the budgeted year as follows:

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

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

3. Determine the P.L. 81-874 revenues available by subtracting the amount of P.L. 81-874 assistance used to increase the general budget limit as provided in subsections K and O of this section for the current fiscal year from the total amount of P.L. 81-874 revenues received in the current fiscal year.

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

   (a) Determine the sum of the following:
(i) 1.00 hours for each high impact pupil who is not disabled or does not have specific learning disabilities.
(ii) 1.25 hours for each high impact pupil who is disabled or has specific learning disabilities.
(iii) 0.25 hours for each low impact pupil who is not disabled or does not have specific learning disabilities.
(iv) 0.31 hours for each low impact pupil who is disabled or has specific learning disabilities.

(b) For the purposes of this paragraph:
(i) "High impact pupil" means a pupil who resides on Indian lands or a pupil who resides on federal property or in low rent housing and whose parent is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in P.L. 81-874, section 3(a) and as reported in the application for P.L. 81-874 assistance in the current year.
(ii) "Low impact pupil" means a pupil who resides on nonfederal property and has a parent who is employed on federal property or low rent housing property or is on active duty in a uniformed service or a pupil who resides on federal property or in low rent housing and who does not have a parent who is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in P.L. 81-874, section 3(b) and as reported in the application for P.L. 81-874 assistance in the current year.

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

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

7. Add to the amount determined in paragraph 6 of this subsection the amount, if any, to be expended by the school district in the budget year through an intergovernmental agreement with other school districts or the department of education to provide P.L. 81-874 technical assistance to participating districts.

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

9. The amount determined in paragraph 8 of this subsection is the maximum amount which may be budgeted for P.L. 81-874 administrative costs for the budget year as provided in this subsection.

10. If the governing board underestimated the amount that may be budgeted for P.L. 81-874 administrative costs for the current year, the board may adjust the general budget limit and the budget before May 15. If the governing board overestimated the amount that may be budgeted for P.L. 81-874 administrative costs for the current year, the board shall adjust the general budget limit and the budget before May 15.
Q. If a school district governing board has adopted a budget for a fiscal year based on forms and instructions provided by the auditor general and the department of education for that fiscal year and if, as a result of the enactment or nonenactment of proposed legislation after May 1 of the previous fiscal year, the budget is based on incorrect limits, does not include items authorized by law or does not otherwise conform with law, the governing board may revise its budget at a public hearing on or before September 15 to conform with the law. Not later than September 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. If the governing board does not revise the budget on or before September 15 and if the budget includes any items not authorized by law or if the budget exceeds any limits, the governing board shall adjust or revise the budget as provided in subsection E of this section.

R. For the purposes of this section, "P.L. 81-874 assistance" means, for the current year, an amount equal to the final determination of P.L. 81-874 assistance for the fiscal year preceding the current year as confirmed by the division of impact aid, United States department of education or, if a final determination has not been made, the amount estimated by the superintendent of public instruction as confirmed by the division of impact aid, United States department of education and, for the budget year, an amount equal to the determination of P.L. 81-874 assistance for the fiscal year preceding the budget year as estimated by the superintendent of public instruction.

Sec. 29. Section 15-910, Arizona Revised Statutes, is amended to read:

15-910. School district budgets; excess utility costs; desegregation costs; tuition costs for bond issues; costs for registering warrants; report

A. The governing board may budget for the district's excess utility costs which are specifically exempt from the district's revenue control limit. If approved by the qualified electors voting at a statewide general election, the exemption from the revenue control limit under this subsection expires at the end of the 2008-2009 budget year. The uniform system of financial records shall specify expenditure items allowable as excess utility costs, which are limited to direct operational costs of heating, cooling, water and electricity, telephone communications and sanitation fees. The department of education and the auditor general shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate line for utility expenditures and a special excess utility cost category. The special excess utility cost category shall contain budgeted expenditures for excess utility costs, determined as follows:

1. Determine the lesser of the total budgeted or total actual utility expenditures for fiscal year 1984-1985.

2. Multiply the amount in paragraph 1 of this subsection by the total percentage increase or decrease in the revenue control limit and the capital outlay revenue limit for the budget year over the revenue control limit and
the capital outlay revenue limit for fiscal year 1984-1985 excluding monies available from a career ladder program or a teacher compensation program provided for in section 15-952.

3. The sum of the amounts in paragraphs 1 and 2 of this subsection is the amount budgeted in the utility expenditure line.

4. Additional expenditures for utilities are budgeted in the excess utility cost category.

B. The governing board shall apply the same percentage increase or decrease allowed in the revenue control limit and the capital outlay revenue limit as provided in section 15-905, subsection E or section 15-948 to the utility expenditure line of the budget.

C. The governing board may expend from the excess utility cost category only after it has expended for utility purposes the full amount budgeted in the utility expenditure line of the budget.

D. The governing board, after notice is given and a public meeting is held as provided in section 15-905, subsection D, may revise at any time before May 15 the amount budgeted in the excess utility cost category for the current year. Not later than May 18, the budget as revised shall be submitted electronically to the superintendent of public instruction.

E. If the revised excess utility cost category results in an expenditure of monies in excess of school district revenues for the current year, the county school superintendent shall include within the revenue estimate for the budget year monies necessary to meet the liabilities incurred by the school district in the current year in excess of revenues received for the current year.

F. If a school district receives a refund of utility expenditures or a rebate on energy saving devices or services, the refund or rebate shall be applied against utility expenditures for the current year as a reduction of the expenditures, except that the reduction of expenditures shall not exceed the amount of actual utility expenditures.

G. The governing board may budget for expenses of complying with or continuing to implement activities which were required or permitted by a court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination which are specifically exempt in whole or in part from the revenue control limit and the capital outlay revenue limit. This exemption applies only to expenses incurred for activities which are begun before the termination of the court order or administrative agreement. If a district is levying a primary property tax on February 23, 2006 and using those monies to administer an English language learner program to remedy alleged or proven discrimination under title VI of the civil rights act of 1964 (42 United States Code section 2000d), the district may spend those monies to remedy a violation of the equal education act of 1974 (20 United States Code section 1703(f)). Nothing in this subsection allows a school district to levy a primary property tax for violations of the equal education act of 1974 (20 United States Code section...
1703(f)) in the absence of an alleged or proven discrimination under title VI of the civil rights act of 1964 (42 United States Code section 2000d). THE PORTION OF THE PRIMARY TAX RATE TO FUND DESEGREGATION PROGRAMS AS PROVIDED IN THIS SECTION SHALL NOT BE INCLUDED IN THE COMPUTATION OF ADDITIONAL STATE AID FOR EDUCATION AS PRESCRIBED IN SECTION 15-972.

H. If a governing board chooses to budget monies outside of the revenue control limit as provided in subsection G of this section, the governing board may do one of the following:

1. Use monies from the maintenance and operation fund equal to any excess desegregation or compliance expenses beyond the revenue control limit before June 30 of the current year.

2. Notify the county school superintendent to include the cost of the excess expenses in the county school superintendent's estimate of the additional amount needed for the school district from the primary property tax as provided in section 15-991.

3. Employ the provisions of both paragraphs 1 and 2 of this subsection, provided that the total amount transferred and included in the amount needed from property taxes does not exceed the total amount budgeted as prescribed in subsection J, paragraph 1 of this section.

I. Through fiscal year 2003-2004, the maximum amount which a governing board may budget outside of the capital outlay revenue limit as provided in subsection G of this section is twelve per cent of the maintenance and operation desegregation budget as provided in subsection J of this section or the amount that it budgeted pursuant to this subsection for fiscal year 2001-2002, whichever is less. If a governing board chooses to budget monies outside of the capital outlay revenue limit as provided in subsection G of this section, the governing board may notify the county school superintendent to include the cost of the excess expenses in the county school superintendent's estimate of the additional amount needed for the school district from the primary property tax as provided in section 15-991.

J. A governing board using subsections G, H and I of this section:

1. Shall prepare and employ a separate maintenance and operation desegregation budget and capital outlay desegregation budget on a form prescribed by the superintendent of public instruction in conjunction with the auditor general. The budget format shall be designed to allow a school district to plan and provide in detail for expenditures to be incurred solely as a result of compliance with or continuing to implement activities which were required or permitted by a court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination.

2. Shall prepare as a part of the annual financial report a detailed report of expenditures incurred solely as a result of compliance with or continuing to implement activities which were required or permitted by a court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward
remediating alleged or proven racial discrimination, in a format prescribed by the auditor general in conjunction with the ARIZONA department of education as provided by section 15-904.

3. On or before July 15, 2006 and each year thereafter, shall collect and report data regarding activities related to a court order of desegregation or an administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination in a format prescribed by the ARIZONA department of education. The department shall compile and submit copies of the reports to the governor, the president of the senate, the speaker of the house of representatives and the chairpersons of the education committees of the senate and the house of representatives. A school district that becomes subject to a new court order of desegregation or a party to an administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination shall submit these reports on or before July 15 or within ninety days of the date of the court order or administrative agreement, whichever occurs first. The ARIZONA department of education, in consultation with the auditor general, shall develop reporting requirements to ensure that school districts submit at least the following information and documentation to the ARIZONA department of education beginning in fiscal year 2006-2007:

(a) A district-wide budget summary and a budget summary on a school by school basis for each school in the school district that lists the sources and uses of monies that are designated for desegregation purposes.

(b) A detailed list of desegregation activities on a district-wide basis and on a school by school basis for each school in the school district.

(c) The date that the school district was determined to be out of compliance with title VI of the civil rights act of 1964 (42 United States Code section 2000d) and the basis for that determination.

(d) The initial date that the school district began to levy property taxes to provide funding for desegregation expenses and any dates that these property tax levies were increased.

(e) If applicable, a current and accurate description of all magnet type programs that are in operation pursuant to the court order during the current school year on a district-wide basis and on a school by school basis. This information shall contain the eligibility and attendance criteria of each magnet type program, the capacity of each magnet type program, the ethnic composition goals of each magnet type program, the actual attending ethnic composition of each magnet type program and the specific activities offered in each magnet type program.

(f) The number of pupils who participate in desegregation activities on a district-wide basis and on a school by school basis for each school in the school district.

(g) A detailed summary of the academic achievement of pupils on a district-wide basis and on a school by school basis for each school in the school district.
(h) The number of employees, including teachers and administrative personnel, on a district-wide basis and on a school by school basis for each school in the school district that are necessary to conduct desegregation activities.

(i) The number of employees, including teachers and administrative personnel, on a district-wide basis and on a school by school basis for each school in the school district and the number of employees at school district administrative offices that are funded in whole or in part with desegregation monies received pursuant to this section.

(j) The amount of monies that are not derived through a primary or secondary property tax levy and that are budgeted and spent on desegregation activities on a district-wide basis and on a school by school basis for each school in the school district.

(k) Verification that the desegregation funding will supplement and not supplant funding for other academic and extracurricular activities.

(l) Verification that the desegregation funding is educationally justifiable.

(m) Any documentation that supports the proposition that the requested desegregation funding is intended to result in equal education opportunities for all pupils in the school district.

(n) Verification that the desegregation funding will be used to promote systemic and organizational changes within the school district.

(o) Verification that the desegregation funding will be used in accordance with the academic standards adopted by the state board of education pursuant to sections 15-701 and 15-701.01.

(p) Verification that the desegregation funding will be used to accomplish specific actions to remediate proven discrimination pursuant to title VI of the civil rights act of 1964 (42 United States Code section 2000d) as specified in the court order or administrative agreement.

(q) An evaluation by the school district of the effectiveness of the school district's desegregation measures.

(r) An estimate of when the school district will be in compliance with the court order or administrative agreement and a detailed account of the steps that the school district will take to achieve compliance.

(s) Any other information that the department of education deems necessary to carry out the purposes of this paragraph.

K. If a school district governing board budgets for expenses of complying with a court order of desegregation or an administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination, the governing board shall ensure that the desegregation expenses will:

1. Be educationally justifiable.

2. Result in equal education opportunities for all pupils in the school district.

3. Be used to promote systemic and organizational changes within the school district.
H.B. 2011

4. Be used in accordance with the academic standards adopted by the state board of education pursuant to sections 15-701 and 15-701.01.

5. Be used to accomplish specific actions to remediate proven discrimination pursuant to title VI of the civil rights act of 1964 (42 United States Code section 2000d) as specified in the court order or administrative agreement.

6. Be used in accordance with a plan submitted to the department of education that includes an estimate of the amount of monies that will be required to bring the school district into compliance with the court order or administrative agreement and an estimate of when the school district will be in compliance with the court order or administrative agreement.


L. The governing board may budget for the bond issues portion of the cost of tuition charged the district as provided in section 15-824 for the pupils attending school in another school district, except that if the district is a common school district not within a high school district, the district may only include that part of tuition which is excluded from the revenue control limit and district support level as provided in section 15-951. The bond issues portion of the cost of tuition charged is specifically exempt from the revenue control limit of the school district of residence, and the primary property tax rate set to fund this amount shall not be included in the computation of additional state aid for education as provided in section 15-972, except as provided in section 15-972, subsection E. The department of education and the auditor general shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate category for the bond issues portion of the cost of tuition.

M. The governing board may budget for interest expenses it incurred for registering warrants drawn against a fund of the school district or net interest expense on tax anticipation notes as prescribed in section 35-465.05, subsection C for the fiscal year preceding the current year if the county treasurer pooled all school district monies for investment as provided in section 15-996 for the fiscal year preceding the current year and, in those school districts that receive state aid, the school districts applied for an apportionment of state aid before the date set for the apportionment as provided in section 15-973 for the fiscal year preceding the current year. The governing board may budget an amount for interest expenses for registering warrants or issuing tax anticipation notes equal to or less than the amount of the warrant interest expense or net interest expense on tax anticipation notes as prescribed in section 35-465.05, subsection C for the fiscal year preceding the current year as provided in this subsection which is specifically exempt from the revenue control limit. For the purposes of this subsection, "state aid" means state aid as determined in sections 15-971 and 15-972.
Sec. 30. Section 15-914, Arizona Revised Statutes, is amended to read:

15-914. Financial and compliance audits

A. The governing board of a school district which is required to comply with the single audit act amendments of 1996 (P.L. 104-156; 110 Stat. 1396; 31 United States Code sections 7501 through 7507) shall contract for at least annual financial and compliance audits of financial transactions and accounts subject to the single audit act amendments of 1996 and kept by or for the school district. Beginning with fiscal year 2003-2004, the governing board of a school district that is not required to comply with the single audit act and that has adopted an expenditure budget of two million dollars or more for the maintenance and operation fund pursuant to section 15-905 shall contract for an annual financial statement audit. Beginning with fiscal year 2004-2005, the governing board of a school district that is not required to comply with the single audit act and that has adopted an expenditure budget of less than two million dollars but more than seven hundred thousand dollars for the maintenance and operation fund pursuant to section 15-905 shall contract for a biennial financial statement audit. An independent certified public accountant shall conduct the audit in accordance with generally accepted governmental auditing standards. **TO THE EXTENT PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT THAT IS REQUIRED TO PARTICIPATE IN AN ANNUAL AUDIT PURSUANT TO THIS SUBSECTION MAY CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. IF A BIENNIAL AUDIT OF A SCHOOL DISTRICT CONDUCTED PURSUANT TO THIS SUBSECTION CONTAINS ANY SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT SHALL CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE. IF A SCHOOL DISTRICT IS REQUIRED TO CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE PURSUANT TO THIS SUBSECTION BECAUSE OF SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT MAY SUBSEQUENTLY CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS TWO ANNUAL AUDITS DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. FOR THE PURPOSES OF THIS SUBSECTION, "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING THAT RESULTS IN THE ISSUANCE OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR GENERAL.**

B. The governing board of a charter school that is required to comply with the single audit act amendments of 1996 shall contract for an annual financial and compliance audit of financial transactions and accounts subject to the single audit act amendments of 1996 and kept by or for the charter school.

C. A charter school that is not subject to the single audit act amendments of 1996 shall contract for at least an annual financial statement audit conducted in accordance with generally accepted governmental auditing standards. An independent certified public accountant shall conduct the audit.

D. For all audits referred to in subsections A, B and C of this section, the independent certified public accountant shall submit a uniform system of financial records compliance questionnaire to the auditor general with the applicable audit reports.
E. Contracts for all financial and compliance audits and financial statement audits and the completed audits shall be approved by the auditor general as provided in section 41-1279.21. Contracts for all financial and compliance audits and financial statement audits shall comply with the rules for competitive sealed proposals as prescribed by the state board of education in section 15-213.

F. If the school district or charter school will incur costs of financial and compliance audits for the budget year, the governing board of a school district or the governing body of the charter school may increase its base support level for the budget year by an amount equal to the amount expended for the district's or charter school's financial and compliance audits in the year before the current year, increased by the growth rate as prescribed by law, subject to appropriation. In determining the amount expended for the district's or charter school's financial and compliance audits, the school district or charter school shall include only the portion of the audit that must be paid from monies other than federal monies. The department of education and the auditor general shall prescribe a method for determining the increase in the base support level and shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate line for financial and compliance audits expenditures.

G. Beginning in fiscal year 2003-2004, every audit contract shall include a systematic review of average daily membership, as defined in section 15-901, using methodology that is consistent with guidelines established by the auditor general. The auditor general shall consider cost when establishing guidelines pursuant to this subsection and, to the extent possible, shall attempt to minimize the cost of the review. The purpose of the review is to determine whether the average daily membership reported by the charter school or school district is in compliance with the laws of this state and the uniform systems of financial records for charter schools and school districts.

Sec. 31. Section 15-914.01, Arizona Revised Statutes, is amended to read:

15-914.01. Accounting responsibility; definition
A. School districts with a student count of at least four thousand may apply to the state board of education to assume accounting responsibility.
B. A school district applying to the state board of education to assume accounting responsibility shall develop and file with the department of education an accounting responsibility plan and document in the plan:
  1. Administrative and internal accounting controls designed to achieve compliance with the uniform system of financial records and the objectives of this section, including:
    (a) Procedures for approving, preparing and signing vouchers and warrants.
    (b) Procedures to ensure verification of administrators' and teachers' certification records with the department of education for all classroom and
administrative personnel required to hold a certificate by the state board of
education pursuant to section 15-203 before issuing warrants for their
services.
(c) Procedures to account for all revenues, including allocation of
certain revenues to funds.
(d) Procedures for reconciling the accounting records monthly to the
county treasurer.
2. A compilation of resources required to implement accounting
responsibility, including, at a minimum, personnel, training and equipment,
and a comprehensive analysis of the budgetary implications of accounting
responsibility for the school district and the county treasurer.
C. Prior to January 1 of the fiscal year preceding the fiscal year of
implementation and before submitting an application to assume accounting
responsibility, a school district shall apply for evaluation by the auditor
general. On completion of the evaluation the auditor general may recommend
approval or denial of accounting responsibility to the state board of
education. The evaluation by the auditor general shall be performed
contingent on staff availability and may be billed to the school district at
cost. Evaluation at a minimum shall include the following:
1. The most recent financial statements audited by an independent
certified public accountant.
2. The most recent report on internal control, report on compliance
and uniform system of financial records compliance questionnaire prepared by
an independent certified public accountant or procedural review completed by
the auditor general.
3. The working papers of the independent certified public accountant
responsible for auditing the school district, if deemed appropriate by the
auditor general.
4. A procedural review if deemed appropriate by the auditor general.
D. School districts that are approved by the state board of education
to assume accounting responsibility shall contract with an independent
certified public accountant for an annual financial and compliance audit.
The auditor general may reevaluate the school district annually based on the
audit to determine compliance with the uniform system of financial records.
IF PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT MAY CONVERT TO A BIENNIAL
AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT CONDUCTED PURSUANT TO THIS
SUBSECTION DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. IF A BIENNIAL
AUDIT OF A SCHOOL DISTRICT CONDUCTED PURSUANT TO THIS SUBSECTION CONTAINS ANY
SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT SHALL CONVERT BACK TO AN
ANNUAL AUDIT SCHEDULE. IF A SCHOOL DISTRICT IS REQUIRED TO CONVERT BACK TO
AN ANNUAL AUDIT SCHEDULE PURSUANT TO THIS SUBSECTION BECAUSE OF SIGNIFICANT
NEGATIVE FINDINGS, THE SCHOOL DISTRICT MAY SUBSEQUENTLY CONVERT TO A BIENNIAL
AUDIT SCHEDULE IF THE PREVIOUS TWO ANNUAL AUDITS DID NOT CONTAIN ANY
SIGNIFICANT NEGATIVE FINDINGS. FOR THE PURPOSES OF THIS SUBSECTION,
"SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING THAT RESULTS IN THE ISSUANCE
OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR GENERAL.
E. To assume accounting responsibility a school district shall notify the county treasurer and the county school superintendent of its intention before March 1 of the fiscal year preceding the fiscal year of implementation. On notification, the county treasurer shall establish acceptable standards for interface by school districts with the county treasurer, including specifications for computer hardware and software compatibility and procedures to ensure the capacity of each school district for reconciliation of accounts with those of the county treasurer.

F. Any school district that fails to maintain accounting standards as provided by the uniform system of financial records and THAT is found to be in noncompliance with the uniform system of financial records by the state board of education as provided in section 15-272 is not eligible to participate in the program provided by this section.

G. Any school district that has assumed accounting responsibility pursuant to this section, that fails to maintain accounting standards as provided by the uniform system of financial records and THAT is found to be in noncompliance with the uniform system of financial records by the state board of education as provided in section 15-272 is no longer eligible to participate in the program provided by this section.

H. For the purposes of this section, "accounting responsibility" means authority for a school district to operate with full independence from the county school superintendent with respect to revenues and expenditures, including allocating revenues, monitoring vouchers, authorizing and issuing warrants and maintaining and verifying staff records for certification and payroll purposes.

Sec. 32. Section 15-918.05, Arizona Revised Statutes, is amended to read:

15-918.05. Career ladder programs; determination of equalization assistance payments from county and state monies

A. A school district that has chosen to calculate its budget using an increase in the base level, as prescribed in section 15-918.04, shall notify the state board of its decision and shall have its equalization assistance for education as computed in section 15-971 computed as follows:

1. For a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447, the qualifying tax rate as provided in section 15-971, subsection B, paragraph 1 shall be increased by two cents for each percentage increase in the base level as provided in section 15-918.04.

2. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, the qualifying tax rate as provided in section 15-971, subsection B, paragraph 2 shall be increased by four cents for each percentage increase in the base level as provided in section 15-918.04.
B. The portion of the primary tax rate to fund career ladder programs as provided in this section shall not be included in the computation of additional state aid for education as prescribed in Section 15-972.

Sec. 33. Repeal
Section 15-942, Arizona Revised Statutes, is repealed.
Sec. 34. Section 15-946, Arizona Revised Statutes, is amended to read:

15-946. Transportation revenue control limit
A. The transportation revenue control limit for each school district for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as follows:
2. Determine the transportation revenue control limit for the school district for the fiscal year 1984-1985 as provided in this section before April 18, 1985.
3. If the school district's transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is equal to or greater than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal year 1985-1986 is the change in the transportation support level from the fiscal year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection. For the fiscal years 1986-1987 and 1987-1988 the transportation revenue control limit is the transportation revenue control limit for the current year plus the change in the transportation support level for the current year to the budget year.
4. If the school district's transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is less than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal year 1985-1986 is the sum of the following:
   (a) The transportation revenue control limit for the school district for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.
   (b) The change in the transportation support level from the fiscal year 1984-1985 to the fiscal year 1985-1986.
   (c) One-third of the amount obtained by subtracting the transportation revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection.
5. If the transportation revenue control limit of the school district for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is less than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal years 1986-1987 and 1987-1988 is the sum of the following:
   (a) The transportation revenue control limit for the current year.
   (b) The change in the transportation support level from the current year to the budget year.
(c) One-third of the amount obtained by subtracting the transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection.

B. The transportation revenue control limit for each school district for the fiscal year 1988-1989 and each year thereafter shall be the transportation revenue control limit for the current year plus the increase in the transportation support level from the current year to the budget year, except that for fiscal year 2006-2007 and for each fiscal year thereafter, the transportation revenue control limit shall not increase if the transportation revenue control limit is more than one hundred twenty per cent of the transportation support level. For a school district that sponsors a charter school, its transportation revenue control limit for the budget year shall be calculated as follows:

1. Calculate separately, as prescribed by the department of education, the total transportation support level for the current year for all charter schools under the district's sponsorship in the current year.

2. Calculate separately, as prescribed by the department of education, the total transportation support level for the budget year for all charter schools under the district's sponsorship in the budget year.

3. Subtract the amount determined in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection. If the result is zero or less, use zero in paragraph 4 of this subsection.

4. Subtract the amount determined in paragraph 3 of this subsection from the district's transportation revenue control limit for the current year. This is the adjusted transportation revenue control limit for the current year.

5. The transportation revenue control limit for the budget year is the adjusted transportation revenue control limit for the current year determined in paragraph 4 of this subsection plus the increase in the transportation support level from the current year to the budget year.

C. Notwithstanding subsection B OF THIS SECTION, if the transportation support level of a school district exceeds the transportation revenue control limit in any budget year, the transportation revenue control limit shall be adjusted in that budget year and every budget year thereafter to equal the transportation support level.


Sec. 35. Section 15-971, Arizona Revised Statutes, is amended to read:

15-971. Determination of equalization assistance payments from county and state funds for school districts

A. Equalization assistance for education is computed by determining the total of the following:
1. The lesser of a school district’s revenue control limit or district support level as determined in section 15-947 or 15-951.
2. The capital outlay revenue limit of a school district as determined in section 15-951 or 15-961.
3. The soft capital allocation of a school district as determined in section 15-951 or 15-962.

B. From the total of the amounts determined in subsection A of this section subtract:

1. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a high school district or a common school district within a high school district which does not offer instruction in high school subjects as provided in section 15-447.
2. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a unified school district, a common school district not within a high school district or a common school district within a high school district which offers instruction in high school subjects as provided in section 15-447. The qualifying tax rate shall be applied in the following manner:

(a) For the purposes of the amount determined in subsection A, paragraph 1 of this section:

(i) Determine separately the percentage that the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and the weighted student count in grades nine through twelve is to the weighted student count determined in subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

(ii) Apply the percentages determined in item (i) to the amount determined in subsection A, paragraph 1 of this section.

(b) For the purposes of the amounts determined in subsection A, paragraphs 2 and 3 of this section, determine separately the amount of the capital outlay revenue limit and the amount of the soft capital allocation attributable to the student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and grades nine through twelve.

(c) From the amounts determined in subdivisions (a) and (b), subtract the levy which would be produced by the current qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447. If the qualifying tax rate generates a levy which is in excess of the total determined in subsection A of this section, the school district shall not be eligible for equalization assistance. **In FOR THE PURPOSES OF this subsection, “assessed valuation” includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8 AND THE ASSESSED VALUE OF ALL PROPERTY SUBJECT TO THE GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO TITLE 42, CHAPTER 6, ARTICLE 5.**
3. The amount that would be produced by levying a qualifying tax rate in a joint vocational and technological education district, which shall be five cents per one hundred dollars assessed valuation unless the legislature sets a lower rate by law.

4. The amount of government property lease excise tax monies that were distributed to the district pursuant to section 42-6205 during the preceding fiscal year.

C. County aid for equalization assistance for education shall be computed as follows:
   1. Determine the total equalization assistance for all school districts in the county as provided in subsections A and B of this section.
   2. Determine the total amount of state equalization assistance collected for all school districts in the county as provided in section 15-994.
   3. Divide the amount determined in paragraph 2 of this subsection by the amount determined in paragraph 1 of this subsection.
   4. Multiply the amount determined in subsections A and B of this section by the quotient determined in paragraph 3 of this subsection for each school district.
   5. The amount determined in paragraph 4 of this subsection shall be the county aid for equalization assistance for education for a school district.

D. State aid for equalization assistance for education for a school district shall be computed as follows:
   1. Determine the equalization assistance for education for a school district as provided in subsections A and B of this section.
   2. For each county, determine the levy that would be produced by the state equalization assistance property tax rate prescribed in section 15-994, subsection A.
   3. Prorate the amount determined in paragraph 2 of this subsection to each school district in the county as prescribed by subsection C of this section.
   4. Subtract the amount determined in paragraph 3 of this subsection from the amount determined in paragraph 1 of this subsection.

E. Equalization assistance for education shall be paid from appropriations for that purpose to the school districts as provided in section 15-973.

F. A school district shall report expenditures on approved career and technical education and vocational education programs in the annual financial report according to uniform guidelines prescribed by the uniform system of financial records and in order to facilitate compliance with sections 15-255 and 15-904.

G. The additional weight for state aid purposes given to special education as provided in section 15-943 shall be given to school districts only if special education programs comply with the provisions of chapter 7, article 4 of this title and the conditions and standards prescribed by the
superintendent of public instruction pursuant to rules of the state board of education for pupil identification and placement pursuant to sections 15-766 and 15-767.

H. In addition to general fund appropriations, all amounts received pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029, subsection E, paragraph 5 and from any other source for the purposes of this section are appropriated for state aid to schools as provided in this section.

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

Sec. 36. Section 15-973, Arizona Revised Statutes, is amended to read:

15-973. Apportionment of funds; expenditure limitation

A. The state board of education shall apportion state aid from appropriations made for such purpose to the several counties on the basis of state aid entitlement for the school districts in each county. No allowance shall be made for nonresident alien children nor for wards of the United States for whom tuition is paid, but attendance of a student in a school of a county adjoining the county of his residence outside the state under a certificate of educational convenience as provided by section 15-825 shall be deemed to be enrollment in the school of the county or school district of his residence.

B. Apportionments shall be made as follows:

1. On July 15, one-twelfth of the total amount to be apportioned during the fiscal year.

2. By the close of business on the first day of business of August, one-twelfth of the total amount to be apportioned during the fiscal year.

3. By the close of business on the first day of business of September 15, one-twelfth of the total amount to be apportioned during the fiscal year.

4. By the close of business on the first day of business of October, one-twelfth of the total amount to be apportioned during the fiscal year.

5. By the close of business on the first day of business of November, one-twelfth of the total amount to be apportioned during the fiscal year.

6. By the close of business on the first day of business of December 15, one-twelfth of the total amount to be apportioned during the fiscal year.

7. By the close of business on the first day of business of January 15, one-twelfth of the total amount to be apportioned during the fiscal year.
6. BY THE CLOSE OF BUSINESS on THE FIRST DAY OF BUSINESS OF February 15, one-twelfth of the total amount to be apportioned during the fiscal year.

7. BY THE CLOSE OF BUSINESS on THE FIRST DAY OF BUSINESS OF March 15, one-twelfth of the total amount to be apportioned during the fiscal year.

8. BY THE CLOSE OF BUSINESS on THE FIRST DAY OF BUSINESS OF April 15, one-sixth one-twelfth of the total amount to be apportioned during the fiscal year.

9. BY THE CLOSE OF BUSINESS on THE FIRST DAY OF BUSINESS OF May 15, one-sixth one-twelfth of the total amount to be apportioned during the fiscal year.

10. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF JUNE, ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

11. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF JUNE, ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

12. BY THE CLOSE OF BUSINESS ON THE LAST DAY OF BUSINESS OF June 15, one-twelfth of the total amount to be apportioned during the fiscal year, except that if the total amount of monies available to make the payment is less than the amount of the payment, a portion of the June 15 payment may be delayed no later than June 30 to allow for the receipt of income from the permanent state common school fund.

The superintendent of public instruction shall furnish to the county treasurer and the county school superintendent an abstract of the apportionment and shall certify the apportionment to the department of administration, which shall draw its warrant in favor of the county treasurer of each county for the amount apportioned. Upon receipt of the warrant the county treasurer shall notify the county school superintendent of the amount, together with any other monies standing to the credit of such school district in the county school fund.

C. Notwithstanding subsection B of this section, if sufficient appropriated funds are available and on a showing by a school district that additional state monies are necessary for current expenses, an apportionment or part of an apportionment of state aid may be paid to the school district prior to the date set for such apportionment by subsection B of this section. After the first forty days in session of the current year, a school district may request additional state monies to fund the increased state aid due to anticipated student growth through the first one hundred days or two hundred days in session, as applicable, of the current year as provided in section 15-948. In no event shall a school district have received more than three-fourths of its total apportionment before April 15-30 of the fiscal year. Early payments pursuant to this subsection must be approved by the state treasurer, the director of the department of administration and the superintendent of public instruction.

D. Until June 30, 1999, at such time and as provided by federal law or regulation, state aid shall be reduced as follows:

1. The superintendent of public instruction shall compute the amount of monies which each school district is eligible to receive under P.L. 81-874, less P.L. 81-874 monies for children with disabilities, children
with specific learning disabilities and children residing on Indian lands
which are in addition to the basic assistance as provided in 20 United States
Code section 238(d)(2)(C) and (D), and for which monies have been appropriated.

2. The superintendent of public instruction shall deduct from state
aid for each school district which is eligible to receive monies under
P.L. 81-874 and for which monies are appropriated as provided in paragraph 1
of this subsection the lesser of:
   (a) The maximum allowed by law or regulation.
   (b) The amount computed as follows:
       (i) For fiscal year 1982-1983, twenty-five per cent of the amount
           computed in paragraph 1 of this subsection.
       (ii) For fiscal year 1983-1984, fifty per cent of the amount computed
            in paragraph 1 of this subsection.
       (iii) For fiscal year 1984-1985, seventy-five per cent of the amount
            computed in paragraph 1 of this subsection.
       (iv) Beginning with fiscal year 1985-1986, ninety-five per cent of the
            amount computed in paragraph 1 of this subsection.

3. The reduction in state aid shall be made from equalization
assistance as prescribed in section 15-971 or from additional state aid as
prescribed in section 15-972 during the fiscal year following the fiscal year
in which the monies are received. The superintendent of public instruction
shall make additional adjustments in state aid for allowable deductions which
were not made in any previous fiscal year which is not more than five years
earlier than the year in which the adjustments are made. The superintendent
of public instruction shall give the school district prior notice of the
intention to make the additional adjustments and may distribute the
adjustments over more than one year after considering the effects of the
adjustments on the school district.

E. The superintendent of public instruction shall not make application
to the federal government to utilize P.L. 81-874 monies in determining the
apportionment prescribed in this section.

F. If a school district which is eligible to receive monies pursuant
to this article is unable to meet a scheduled payment on any lawfully
incurred long-term obligation for debt service as provided in section
15-1022, the county treasurer shall use any amount distributed pursuant to
this section to make the payment. The county treasurer shall keep a record
of all the instances in which a payment is made pursuant to this subsection.
Any monies subsequently collected by the district to make the scheduled
payment shall be used to replace the amount diverted pursuant to this
subsection. When determining the total amount to be funded by a levy of
secondary taxes upon property within the school district for the following
fiscal year, the county board of supervisors shall add to the amounts
budgeted to be expended during the following fiscal year an amount equal to
the total of all payments pursuant to this subsection during the current
fiscal year which were not repaid during the current year.
G. The total amount of state monies that may be spent in any fiscal year by the state board of education for apportionment of state aid for education shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. This section shall not be construed to impose a duty on an officer, agent or employee of this state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose.

Sec. 37. Section 15-977, Arizona Revised Statutes, is amended to read:

15-977. Classroom site fund; definitions

A. The classroom site fund is established consisting of monies transferred to the fund pursuant to section 37-521, subsection B and section 42-5029, subsection E, paragraph 10. The department of education shall administer the fund. School districts and charter schools may not supplant existing school site funding with revenues from the fund. All monies distributed from the fund are intended for use at the school site. Each school district or charter school shall allocate forty per cent of the monies for teacher compensation increases based on performance and employment related expenses, twenty per cent of the monies for teacher base salary increases and employment related expenses and forty per cent of the monies for maintenance and operation purposes as prescribed in subsection H of this section. Teacher compensation increases based on performance or teacher base salary increases distributed pursuant to this subsection shall supplement, and not supplant, teacher compensation monies from any other sources. The school district or charter school shall notify each school principal of the amount available to the school by April 15 of each year. The district or charter school shall request from the school's principal each school's priority for the allocation of the funds available to the school for each program listed under subsection H of this section. The amount budgeted by the school district or charter school pursuant to this section shall not be included in the allowable budget balance carryforward calculated pursuant to section 15-943.01.

B. A school district governing board must adopt a performance based compensation system at a public hearing to allocate funding from the classroom site fund pursuant to subsection A of this section.

C. A school district governing board shall vote on a performance based compensation system that includes the following elements:

2. Measures of academic progress toward the academic standards adopted by the state board of education.
3. Other measures of academic progress.
4. Dropout or graduation rates.
5. Attendance rates.
6. Ratings of school quality by parents.
7. Ratings of school quality by students.
8. The input of teachers and administrators.
9. Approval of the performance based compensation system based on an
affirmative vote of at least seventy per cent of the teachers eligible to
participate in the performance based compensation system.
10. An appeals process for teachers who have been denied performance
based compensation.
11. Regular evaluation for effectiveness.
D. A performance based compensation system shall include teacher
professional development programs that are aligned with the elements of the
performance based compensation system.
E. A school district governing board may modify the elements contained
in subsection C of this section and consider additional elements when
adopting a performance based compensation system. A school district
governing board shall adopt any modifications or additional elements and
specify the criteria used at a public hearing.
F. Until December 31, 2009, each school district shall develop an
assessment plan for its performance based compensation system and submit the
plan to the department of education by December 31 of each year. A copy of
the performance based compensation system and assessment plan adopted by the
school district governing board shall be included in the report submitted to
the department of education.
G. Monies in the fund are continuously appropriated, are exempt from
the provisions of section 35-190 relating to lapsing of appropriations and
shall be distributed as follows:
1. By March 30 of each year the staff of the joint legislative budget
committee shall determine a per pupil amount from the fund for the budget
year using the estimated statewide weighted count for the current year
pursuant to section 15-943, paragraph 2, subdivision (a) and based on
estimated available resources in the classroom site fund for the budget year
ADJUSTED FOR ANY PRIOR YEAR CARRYFORWARD OR SHORTFALL.
2. The allocation to each charter school and school district for a
fiscal year shall equal the per pupil amount established in paragraph 1 of
this subsection for the fiscal year multiplied by the weighted student count
for the school district or charter school for the fiscal year pursuant to
section 15-943, paragraph 2, subdivision (a). For the purposes of this
paragraph, the weighted student count for a school district that serves as
the district of attendance for nonresident pupils shall be increased to
include nonresident pupils who attend school in the school district.
3. For each fiscal year in which the legislature appropriates
sufficient monies for teacher performance pay pursuant to this section, the
amount appropriated shall equal the product of the base level prescribed in
section 15-901 multiplied by the prior year statewide weighted student count
multiplied by the following percentages:
   (a) For stage one, one per cent.
   (b) For stage two, two per cent.
   (c) For stage three, three per cent.
(d) For stage four, four per cent.
(e) For stage five, five per cent.
(f) For stage six, five and one-half per cent by June 30, 2018.
H. Monies distributed from the classroom site fund shall be spent for the following maintenance and operation purposes:
1. Class size reduction.
2. Teacher compensation increases.
3. AIMS intervention programs.
4. Teacher development.
5. Dropout prevention programs.
6. Teacher liability insurance premiums.
I. The district governing board or charter school shall allocate the classroom site fund monies to include, wherever possible, the priorities identified by the principals of the schools while assuring that the funds maximize classroom opportunities and conform to the authorized expenditures identified in subsection A of this section.
J. School districts and charter schools that receive monies from the classroom site fund shall submit a report by November 15 of each year to the superintendent of public instruction on a per school basis that provides an accounting of the expenditures of monies distributed from the fund during the previous fiscal year and a summary of the results of district and school programs funded with monies distributed from the fund. The department of education in conjunction with the auditor general shall prescribe the format of the report under this subsection.
K. School districts and charter schools that receive monies from the classroom site fund shall receive these monies monthly in an amount not to exceed one-twelfth of the monies estimated pursuant to subsection G of this section, except that if there are insufficient monies in the fund that month to make payments, the distribution for that month shall be prorated for each school district or charter school. The department of education may make an additional payment in the current month for any prior month or months in which school districts or charter schools received a prorated payment if there are sufficient monies in the fund that month for the additional payments. The state is not required to make payments to a school district or charter school classroom site fund if the state classroom site fund revenue collections are insufficient to meet the estimated allocations to school districts and charter schools pursuant to subsection G of this section.
L. The state education system for committed youth shall receive monies from the classroom site fund in the same manner as school districts and charter schools. The Arizona state schools for the deaf and the blind shall receive monies from the classroom site fund in an amount that corresponds to the weighted student count for the current year pursuant to section 15-943, paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state schools for the deaf and the blind. Except as otherwise provided in this subsection, the Arizona state schools for the deaf and the blind and the
state education system for committed youth are subject to this section in the same manner as school districts and charter schools.

M. Each school district and charter school, including school districts that unify pursuant to section 15-448 or consolidate pursuant to section 15-459, shall establish a local level classroom site fund to receive allocations from the state level classroom site fund. The local level classroom site fund shall be a budgetary controlled account. Interest charges for any registered warrants for the local level classroom site fund shall be a charge against the local level classroom site fund. Interest earned on monies in the local level classroom site fund shall be added to the local level classroom site fund as provided in section 15-978. In no event shall this state be required to make payments to a school district or charter school local level classroom site fund that are in addition to monies transferred to the state level classroom site fund pursuant to section 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

N. Monies distributed from the classroom site fund for class size reduction, AIMS intervention and dropout prevention programs shall only be used for instructional purposes in the instruction function as defined in the uniform system of financial records, except that monies shall not be used for school sponsored athletics.

O. If a school district is approved for a career ladder program pursuant to section 15-918.04 or an optional performance incentive program pursuant to section 15-919, the school district may continue to participate in those programs or may choose to receive additional teacher performance pay monies pursuant to subsection G, paragraph 3 of this section. If a school district chooses to receive monies pursuant to subsection G, paragraph 3 of this section, the school district shall reduce the amount of funding for its career ladder program or optional performance incentive program, as applicable, in an amount that is equal to the amount appropriated by the legislature for the applicable stage specified in subsection G, paragraph 3 of this section. If a school district is approved for a career ladder program pursuant to section 15-918.04 or an optional performance incentive program pursuant to section 15-919 and that school district chooses to receive monies for stage one pursuant to subsection G, paragraph 3 of this section, the school district shall continue to receive funding through the remaining stages specified in subsection G, paragraph 3 of this section, subject to legislative appropriation. A school district that is subject to this subsection shall notify the department of education of the school district's intention to receive monies pursuant to subsection G, paragraph 3 of this section no later than July 1 of the fiscal year that stage one monies are appropriated.

P. For the purposes of this section:

1. "AIMS intervention" means summer programs, after school programs, before school programs or tutoring programs that are specifically designed to ensure that pupils meet the Arizona academic standards as measured by the Arizona instrument to measure standards test prescribed by section 15-741.
2. "Class size reduction" means any maintenance and operations expenditure that is designed to reduce the ratio of pupils to classroom teachers, including the use of persons who serve as aides to classroom teachers.

Sec. 38. Section 15-1021, Arizona Revised Statutes, is amended to read:

15-1021. Limitation on bonded indebtedness; limitation on authorization and issuance of bonds

A. Until December 31, 1999, a school district may issue class A bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding fifteen per cent of the taxable property used for secondary property tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a school district as ascertained by the last property tax assessment previous to issuing the bonds.

B. From and after December 31, 1998, a school district may issue class B bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing class B indebtedness, not exceeding five per cent of the taxable property used for secondary property tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a school district as ascertained by the last assessment of state and county taxes previous to issuing the bonds, or one thousand five hundred dollars per student count as determined pursuant to section 15-902, whichever amount is greater. A school district shall not issue class B bonds until the proceeds of any class A bonds issued by the school district have been obligated in contract. The total amount of class A and class B bonds issued by a school district shall not exceed the debt limitations prescribed in article IX, section 8, Constitution of Arizona.

C. Until December 31, 1999, a unified school district, as defined under article IX, section 8.1, Constitution of Arizona, may issue class A bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing class B indebtedness, not exceeding thirty per cent of the taxable property used for secondary property tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a unified school district as ascertained by the last property tax assessment previous to issuing the bonds.

D. From and after December 31, 1998, a unified school district, as defined under article IX, section 8.1, Constitution of Arizona, may issue class B bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing class B indebtedness, not exceeding ten per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a school district as ascertained by the last assessment of state and county taxes previous to issuing the bonds, or one thousand five hundred dollars per student count as determined pursuant to section 15-902, whichever amount is greater. A unified school district shall not issue class
B bonds until the proceeds of any class A bonds issued by the unified school
district have been obligated in contract. The total amount of class A and
class B bonds issued by a unified school district shall not exceed the debt
limitations prescribed in article IX, section 8.1, Constitution of Arizona.

E. No bonds authorized to be issued by an election held after July 1,
1980 AND BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION may be
issued more than six years after the date of the election, except that class
A bonds shall not be issued after December 31, 1999. NO BONDS AUTHORIZED TO
BE ISSUED BY AN ELECTION HELD AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
THIS SECTION MAY BE ISSUED MORE THAN TEN YEARS AFTER THE DATE OF THE
ELECTION.

F. Class A EXCEPT AS PROVIDED IN SECTION 15-491, SUBSECTION A,
PARAGRAPH 3, bond proceeds shall not be expended for items whose useful life
is less than the average life of the bonds issued, except that bond proceeds
shall not be expended for items whose useful life is less than five years.

G. Except as provided in subsection H of this section, class B bond
proceeds shall not be expended for soft capital items, computer hardware, or
other items whose useful life is less than the average useful life of the
bonds issued, except that bond proceeds shall not be expended for items whose
useful life is less than five years. For the purposes of this subsection,
“computer hardware” means an electronic device with an integrated circuit
that performs logic, arithmetic or memory functions by the manipulations of
electronic or magnetic impulses and includes all input, output, processing,
storage, software or communication facilities that are connected or related
to such a device in a system or network.

H. G. Class B bond proceeds for a facility at a campus owned or
operated and maintained by a joint technological education district may be
expended for soft capital items, computer hardware, furniture or other
equipment, except that no bonds may be issued for these purposes for a
duration of more than five years. The total amount of bonds that a joint
 technological education district may issue pursuant to this subsection shall
not exceed thirty per cent of the cost of the school facility, including
monies received for the school facility pursuant to this section. A joint
 technological education district shall not spend class B bond proceeds to
construct or renovate a facility located on the campus of a school in a
school district that participates in the joint district unless the facility
is only used to provide career and technical education and is available to
all pupils who live within the joint technological education district. If
the facility is not owned by the joint technological education district, an
intergovernmental agreement or a written contract shall be executed for ten
years or the duration of the bonded indebtedness, whichever is greater. The
intergovernmental agreement or written contract shall include provisions:

1. That preserve the usage of the facility renovated or constructed,
or both, only for career and technology programs operated by the joint
technology education district.
2. That include the process to be used by the participating district to compensate the joint technology education district in the event that the facility is no longer used only for career and technology education programs offered by the joint technological education district during the life of the bond.

I. Notwithstanding subsections F and G of this section, bond proceeds may be expended for purchasing pupil transportation vehicles.

J. H. A school district shall not authorize, issue or sell bonds pursuant to this section if the school district has any existing indebtedness from impact aid revenue bonds pursuant to chapter 16, article 8 of this title, except for bonds issued to refund any bonds issued by the governing board.

Sec. 39. Section 15-1102, Arizona Revised Statutes, is amended to read:

15-1102. Disposition of proceeds from sale or lease of school property; school plant monies; payment of bonded indebtedness; definition

A. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, may expend the proceeds from the sale or lease of school property for the payment of any outstanding bonded indebtedness of the school district or for the reduction of school district taxes.

B. A common school district or high school district which has an outstanding bonded indebtedness of seven per cent of the current year's assessed valuation or less or a unified school district which has an outstanding bonded indebtedness of fourteen per cent of the current year's assessed valuation or less may expend the proceeds from the sale or lease of school property for maintenance and operation or capital outlay, subject to the following limitations:

1. During the period that proceeds from the sale or lease of school property are used for capital outlay, the school district shall not call an override election to exceed the capital outlay revenue limit, except that during the last year of that period the school district may authorize an override election to exceed the capital outlay revenue limit beginning with the following year.

2. The total sum of the proceeds from the sale of school property before July 1, 1998 or the lease of school property for more than one year expended for maintenance and operation shall not exceed fifteen per cent of the revenue control limit as provided in section 15-947, subsection A in any year of which ten per cent may be used without voter approval and an additional five per cent may be used if the additional amount is approved by a majority of the qualified electors voting in an election called for such purposes. The election shall be conducted and notice and ballots shall be prepared as provided in section 15-481. Proceeds from the sale of school property from and after June 30, 1998 shall not be expended for maintenance and operation.
3. In any fiscal year in which a district utilizes budget increases as authorized in section 15-481, subsection E or F or section 15-482 or utilizes the proceeds from the sale of school property before July 1, 1998 or the lease of school property for more than one year for maintenance and operation or any combination of these provisions, the total amount of these increases which may be expended is equal to fifteen per cent of the revenue control limit for that year as provided in section 15-947, subsection A, provided that the following maximum amount is attributable to the use of any one provision:

(a) Fifteen per cent of the revenue control limit when using the proceeds from the sale before July 1, 1998 or lease of school property for maintenance and operation as provided in this section.

(b) Ten per cent of the revenue control limit when using a budget increase as provided in section 15-481, subsection E or F, or both.

(c) Five per cent of the revenue control limit when using a budget increase as provided in section 15-482.

C. A common school district or high school district which has an outstanding bonded indebtedness of greater than seven per cent of the current year's assessed valuation or a unified school district which has an outstanding bonded indebtedness of greater than fourteen per cent of the current year's assessed valuation may expend the proceeds from the lease or sale of school property as follows:

1. For maintenance and operation, the expenditure may not exceed the lesser of the limit in subsection B, paragraph 2 or 3 of this section or the amount of the proceeds from the lease of school property multiplied by .25.

2. For capital outlay, the expenditure of the proceeds:

(a) From the sale of school property may not exceed the amount of the proceeds multiplied by .62.

(b) From the lease of school property is not limited.

D. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, shall promptly deposit monies received for and derived from the sale or lease of school property with the county treasurer who shall establish three school plant funds, one fund for monies received from the sale before July 1, 1998 or lease of school property for more than one year, one fund for monies received from the sale of school property from and after June 30, 1998 and one fund for monies received from the lease of school property for one year or less. The county treasurer shall credit the deposits to the respective school plant fund of the respective school district. Monies placed to the credit of the school plant funds may be expended as provided in this section. The school plant funds are continuing funds not subject to reversion.

E. Notwithstanding subsection C of this section, the governing board, or the superintendent or chief administrative officer with the approval of the governing board, may expend the proceeds from the sale before July 1, 1998 or lease of school property for the additional maintenance and operations expenses incurred as the result of operating on a year-round
school year operation basis pursuant to section 15-855. The amount that the
governing board, superintendent or chief administrative officer may expend
for a year-round school year operation, as provided in this subsection, is
limited to the actual maintenance and operations costs incurred as the result
of the year-round school year operation as documented in the school
district’s budget as provided in section 15-855. A governing board,
superintendent or chief administrative officer that utilizes the provisions
of this subsection is subject to all other limitations prescribed in this
section regarding the expenditure of proceeds from the sale before July 1,
1998 or lease of school property.

F. Notwithstanding subsections B and D of this section, if the school
district electors approve the sale of school property and the use of the
proceeds for the purchase of school sites or the construction, improvement or
furnishing of school facilities, the proceeds from the sale shall be put in a
separate fund for use for the approved purpose as prescribed by the uniform
system of financial records. This fund is a continuing fund not subject to
reversion, except that after ten years any unexpended monies shall be put in
the school plant fund for use as prescribed in this section.

G. Proceeds from sales by condemnation or sales under threat of
condemnation may be deposited with the county treasurer for deposit in the
condemnation fund or the school plant fund of the school district. The
condemnation fund is a continuing fund not subject to reversion, except that
after ten years any unspent monies shall be placed in the school plant fund
to be used as prescribed in this section. The governing board, or the
superintendent or chief administrative officer with the approval of the
governing board, may apply the proceeds in the condemnation fund to:

1. The payment of any outstanding bonded indebtedness of the school
district which is payable from the levy of taxes upon property within the
school district.

2. Construct, acquire, improve, repair or furnish school facilities or
sites after notice and a hearing.

H. Proceeds from a right-of-way settlement shall be deposited with the
county treasurer for deposit in the condemnation fund of the school district.
The governing board, or the superintendent or chief administrative officer
with the approval of the governing board, shall apply such proceeds in the
condemnation fund to construct, acquire, improve, repair or furnish school
facilities or sites after notice and a hearing.

I. For THE purposes of this section, “capital outlay” means
unrestricted capital outlay as prescribed in section 15-903, subsection C.

Sec. 40. Section 15-1152, Arizona Revised Statutes, is amended to
read:

15-1152. School meal programs; nonschool meal programs; powers
of state board of education

The state board of education may enter into agreements with an agency
of the federal government, a governing board or another agency or person,
direct the disbursement of federal and state monies in accordance with
provisions of federal and state law, direct the distribution of commodities as provided by federal and state law, prescribe regulations, employ personnel, give technical advice and assistance to governing boards in connection with establishment and operation of school meal programs, assist in training personnel engaged in operation of school meal programs and take other action it deems necessary to provide for the establishment and maintenance of school meal programs. The state board of education and the governing boards may also accept gifts for use in connection with a school meal program. Agreements entered into pursuant to this section are exempt from the provisions of section 11-952, subsections SUBSECTION D and F. The form to be used in the agreements shall be approved annually by the attorney general prior to its use in such agreements. The department of education shall file with the secretary of state by January 1 one blank copy of the agreement form and a list of the agencies with which the department entered agreements during the preceding year.

Sec. 41. Section 15-1224, Arizona Revised Statutes, is amended to read:

15-1224. Grants to teachers for instruction
A. The governing board shall deposit in a separate bank account grants or gifts which are less than one thousand five hundred dollars and designated for use by a teacher for instructional purposes if the governing board does not deposit the grant or gift as prescribed in section 15-341, subsection A, paragraph 14.
B. A separate record shall be maintained for each grant or gift deposited in the bank account.
C. Disbursements from the bank account shall be by check signed by two employees of the school district appointed by the governing board and shall be authorized by the teacher designated to use the grant or gift as provided in the uniform system of financial records.
D. If any of the monies are not spent before the end of the fiscal year in which the gift or grant was accepted, the balance of the monies shall remain in the bank account until needed for instructional purposes as designated by the teacher, or determined by the grantor.

Sec. 42. Section 15-2002, Arizona Revised Statutes, is amended to read:

15-2002. Powers and duties; executive director; staffing; report
A. The school facilities board shall:
1. Make assessments of school facilities and equipment deficiencies and approve the distribution of grants as appropriate.
2. Develop a database for administering the building renewal formula prescribed in section 15-2031 and administer the distribution of monies to school districts for building renewal.
3. Inspect school buildings at least once every five years to ensure compliance with the building adequacy standards prescribed in section 15-2011 and routine preventative maintenance guidelines as prescribed in this section.
with respect to construction of new buildings and maintenance of existing buildings. The school facilities board shall randomly select twenty school districts every thirty months and inspect them pursuant to this paragraph.

4. Review and approve student population projections submitted by school districts to determine to what extent school districts are entitled to monies to construct new facilities pursuant to section 15-2041. The board shall make a final determination within six months of the receipt of an application by a school district for monies from the new school facilities fund.

5. Certify that plans for new school facilities meet the building adequacy standards prescribed in section 15-2011.

6. Develop prototypical elementary and high school designs. The board shall review the design differences between the schools with the highest academic productivity scores and the schools with the lowest academic productivity scores. The board shall also review the results of a valid and reliable survey of parent quality rating in the highest performing schools and the lowest performing schools in this state. The survey of parent quality rating shall be administered by the department of education. The board shall consider the design elements of the schools with the highest academic productivity scores and parent quality ratings in the development of elementary and high school designs. The board shall develop separate school designs for elementary, middle and high schools with varying pupil capacities.

7. Develop application forms, reporting forms and procedures to carry out the requirements of this article.

8. Review and approve or reject requests submitted by school districts to take actions pursuant to section 15-341, subsection F–G.

9. Submit an annual report by December 15 to the speaker of the house of representatives, the president of the senate, the superintendent of public instruction, the director of the Arizona state library, archives and public records and the governor that includes the following information:

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

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

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

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

10. By December 1 of each year, report to the joint committee on
capital review the amounts necessary to fulfill the requirements of sections
15-2022, 15-2031 and 15-2041 for the following fiscal year and the estimated
amounts necessary to fulfill the requirements of sections 15-2022, 15-2031
and 15-2041 for the fiscal year following the next fiscal year. The board
shall provide copies of the report to the president of the senate, the
speaker of the house of representatives and the governor.

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

12. In each even-numbered year, report to the joint committee on
capital review the amounts necessary to fulfill the requirements of sections
15-2031 and 15-2041 for the Arizona state schools for the deaf and the blind
for the following two fiscal years. The Arizona state schools for the deaf
and the blind shall incorporate the findings of the report in any request for
building renewal monies and new school facilities monies. Any monies
provided to the Arizona state schools for the deaf and the blind for building
renewal and for new school facilities are subject to legislative
appropriation.

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

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

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

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

1. Shall analyze applications for monies submitted to the board by school districts.
2. Shall assist the board in developing forms and procedures for the distribution and review of applications and the distribution of monies to school districts.
3. May review or audit, or both, the expenditure of monies by a school district for deficiencies corrections, building renewal and new school facilities.
4. Shall assist the board in the preparation of the board's annual report.
5. Shall research and provide reports on issues of general interest to the board.
6. May aid school districts in the development of reasonable and cost-effective school designs in order to avoid statewide duplicated efforts and unwarranted expenditures in the area of school design.
7. May assist school districts in facilitating the development of multijurisdictional facilities.
8. Shall assist the board in any other appropriate matter or method as directed by the members of the board.
9. Shall establish procedures to ensure compliance with the notice and hearing requirements prescribed in section 15-905. The notice and hearing procedures adopted by the board shall include the requirement, with respect to the board's consideration of any application filed after July 1, 2001 or after December 31 of the year in which the property becomes territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461 for monies to fund the construction of new school facilities proposed to be located in territory in the vicinity of a military airport or ancillary military facility, that the military airport receive notification of the application by first class mail at least thirty days before any hearing concerning the application.
10. May expedite any request for monies in which the local match was not obtained for a project that received preliminary approval by the state board for school capital facilities.
11. Shall expedite any request for monies in which the school district governing board submits an application that shows an immediate need for a new school facility.
12. Shall make a determination as to administrative completion within one month after the receipt of an application by a school district for monies from the new school facilities fund.
13. Shall provide technical support to school districts as requested by school districts in connection with the construction of new school facilities and the maintenance of existing school facilities.
D. When appropriate, the school facilities board shall review and use
the statewide school facilities inventory and needs assessment conducted by
the joint committee on capital review and issued in July, 1995.

E. The school facilities board shall contract with one or more private
building inspectors to complete an initial assessment of school facilities
and equipment and shall inspect each school building in this state at least
once every five years to ensure compliance with section 15-2011. A copy of
the inspection report, together with any recommendations for building
maintenance, shall be provided to the school facilities board and the
governing board of the school district.

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

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

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

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

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

K. Each school district shall develop routine preventative maintenance
guidelines for its facilities. The guidelines shall be submitted to the
school facilities board for review and approval. If upon inspection by the
school facilities board it is determined that a school district facility was
inadequately maintained pursuant to the school district's routine
preventative maintenance guidelines, the school district shall use building
renewal monies pursuant to section 15-2031, subsection L to return the
building to compliance with the school district's routine preventative
maintenance guidelines. Once the district is in compliance, it no longer is
required to use building renewal monies for preventative maintenance.

L. The school facilities board may temporarily transfer monies between
the capital reserve fund established by section 15-2003, the emergency
deficiencies correction fund established by section 15-2022, the building
renewal fund established by section 15-2031 and the new school facilities
fund established by section 15-2041 if all of the following conditions are met:

1. The transfer is necessary to avoid a temporary shortfall in the fund into which the monies are transferred.
2. The transferred monies are restored to the fund where the monies originated as soon as practicable after the temporary shortfall in the other fund has been addressed.
3. The school facilities board reports to the joint committee on capital review the amount of and the reason for any monies transferred.

Sec. 43. Section 15-2011, Arizona Revised Statutes, is amended to read:

15-2011. Minimum school facility adequacy requirements;
definition

A. The school facilities board, as determined and prescribed in this chapter, shall provide funding to school districts for new construction as the projected number of pupils in the district will fill the existing school facilities and require more pupil space.

B. School buildings in a school district are adequate if all of the following requirements are met:

1. The buildings contain sufficient and appropriate space and equipment that comply with the minimum school facility adequacy guidelines established pursuant to subsection F of this section. The state shall not fund facilities for elective courses that require the school district facilities to exceed minimum school facility adequacy requirements. The school facilities board shall determine whether a school building meets the requirements of this paragraph by analyzing the total square footage that is available for each pupil in conjunction with the need for specialized spaces and equipment.

2. The buildings are in compliance with federal, state and local building and fire codes and laws that are applicable to the particular building. An existing school building is not required to comply with current requirements for new buildings unless this compliance is specifically mandated by law or by the building or fire code of the jurisdiction where the building is located.

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

4. The buildings are structurally sound.

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

1. For a school district that provides instruction to pupils in programs for preschool children with disabilities, kindergarten programs and grades one through six, eighty square feet per pupil in programs for preschool children with disabilities, kindergarten programs and grades one through six.
2. For a school district that provides instruction to up to eight hundred pupils in grades seven and eight, eighty-four square feet per pupil in grades seven and eight.

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

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

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

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

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

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

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

2. Geographic factors.

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

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

1. Use the most recent one hundredth day average daily membership modified to count kindergarten students as full-time students.

2. For each school, use the lesser of either:
   (a) Total gross square footage.
   (b) Student capacity multiplied by the appropriate square footage per pupil prescribed by subsection C of this section.

3. Consider the total space available in all schools in use in the school district, except that the school facilities board shall allow an exclusion of the square footage for certain schools and the pupils within the schools' boundaries if the school district demonstrates to the board's satisfaction unusual or excessive busing of pupils or unusual attendance boundary changes between schools.
4. Compute the gross square footage of all buildings by measuring from exterior wall to exterior wall. Square footage used solely for district administration, storage of vehicles and other nonacademic purposes shall be excluded from the gross square footage.

5. Include all portable and modular buildings.

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

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

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

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

7. Require that excess square footage that is constructed after July 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection meets the minimum school facility adequacy guidelines in order to be eligible for building renewal monies as computed in section 15-2031.

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

F. The school facilities board shall adopt rules establishing minimum school facility adequacy guidelines. The executive director of the school facilities board shall report monthly to the joint committee on capital review on the progress of the development of the proposed rules establishing the guidelines. The joint committee on capital review shall review the proposed guidelines before the school facilities board adopts the rules to establish the minimum school facility adequacy guidelines. The guidelines shall provide the minimum quality and quantity of school buildings and facilities and equipment necessary and appropriate to enable pupils to achieve the academic standards pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the school facilities board shall address all of the following in developing these guidelines:

1. School sites.
2. Classrooms.
3. Libraries and media centers, or both.
5. Auditoriums, multipurpose rooms or other multiuse space.
6. Technology.

7. Transportation.

8. Facilities for science, arts and physical education.

9. Other facilities and equipment that are necessary and appropriate to achieve the academic standards prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

10. Appropriate combinations of facilities or uses listed in this section.

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

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

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

Sec. 44. Section 15-2041, Arizona Revised Statutes, is amended to read:

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

A. A new school facilities fund is established consisting of monies appropriated by the legislature and monies credited to the fund pursuant to section 37-221. The school facilities board shall administer the fund and distribute monies, as a continuing appropriation, to school districts for the purpose of constructing new school facilities. On June 30 of each fiscal year, any unobligated contract monies in the new school facilities fund shall be transferred to the capital reserve fund established by section 15-2003.

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

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

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

   (a) The grade levels and the total number of pupils that the school or addition is intended to serve.
(b) The year in which it is necessary for the school or addition to begin operations.
(c) A timeline that shows the planning and construction process for the school or addition.
3. Long-term projections of the need for land for new schools.
4. Any other necessary information required by the school facilities board to evaluate a school district’s capital plan.
5. If a school district pays tuition for all or a portion of the school district’s high school pupils to another school district, the capital plan shall indicate the number of pupils for which the district pays tuition to another district. If a school district accepts pupils from another school district pursuant to section 15-824, subsection A, the school district shall indicate the projections for this population separately. This paragraph does not apply to a small isolated school district as defined in section 15-901.
C. If the capital plan indicates a need for a new school or an addition to an existing school within the next four years or a need for land within the next ten years, the school district shall submit its plan to the school facilities board by September 1 and shall request monies from the new school facilities fund for the new construction or land. Monies provided for land shall be in addition to any monies provided pursuant to subsection D of this section.
D. The school facilities board shall distribute monies from the new school facilities fund as follows:
1. The school facilities board shall review and evaluate the enrollment projections and either approve the projections as submitted or revise the projections. In determining new construction requirements, the school facilities board shall determine the net new growth of pupils that will require additional square footage that exceeds the building adequacy standards prescribed in section 15-2011. If the projected growth and the existing number of pupils exceed three hundred fifty pupils who are served in a school district other than the pupil’s resident school district, the school facilities board, the receiving school district and the resident school district shall develop a capital facilities plan on how to best serve those pupils. A small isolated school district as defined in section 15-901 is not required to develop a capital facilities plan pursuant to this paragraph.
2. If the approved projections indicate that additional space will not be needed within the next two years for elementary schools or three years for middle or high schools in order to meet the building adequacy standards prescribed in section 15-2011, the request shall be held for consideration by the school facilities board for possible future funding and the school district shall annually submit an updated plan until the additional space is needed.
3. If the approved projections indicate that additional space will be needed within the next two years for elementary schools or three years for middle or high schools in order to meet the building adequacy standards...
prescribed in section 15-2011, the school facilities board shall provide an
amount as follows:

(a) Determine the number of pupils requiring additional square footage
to meet building adequacy standards. This amount for elementary schools
shall not be less than the number of new pupils for whom space will be needed
in the next year and shall not exceed the number of new pupils for whom space
will be needed in the next five years. This amount for middle and high
schools shall not be less than the number of new pupils for whom space will
be needed in the next four years and shall not exceed the number of new
pupils for whom space will be needed in the next eight years.

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

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

(ii) Geographic factors.

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

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

(c) Multiply the product obtained in subdivision (b) of this paragraph
by the cost per square foot. The cost per square foot is ninety dollars for
preschool children with disabilities, kindergarten programs and grades one
through six, ninety-five dollars for grades seven and eight and one hundred
ten dollars for grades nine through twelve. The cost per square foot shall
be adjusted annually for construction market considerations based on an index
identified or developed by the joint legislative budget committee as
necessary but not less than once each year. The school facilities board
shall multiply the cost per square foot by 1.05 for any school district
located in a rural area. The school facilities board may ONLY modify the
base cost per square foot prescribed in this subdivision for particular
schools based on geographic conditions or site conditions. For the purposes
of this subdivision, "rural area" means an area outside a thirty-five mile
radius of a boundary of a municipality with a population of more than fifty
thousand persons.
(d) Once the school district governing board obtains approval from the school facilities board for new facility construction funds, additional portable or modular square footage created for the express purpose of providing temporary space for pupils until the completion of the new facility shall not be included by the school facilities board for the purpose of new construction funding calculations. On completion of the new facility construction project, if the portable or modular facilities continue in use, the portable or modular facilities shall be included as prescribed by this chapter, unless the school facilities board approves their continued use for the purpose of providing temporary space for pupils until the completion of the next new facility that has been approved for funding from the new school facilities fund.

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

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

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

F. The school facilities board shall distribute the monies needed for land for new schools so that land may be purchased at a price that is less than or equal to fair market value and in advance of the construction of the new school. If necessary, the school facilities board may distribute monies for land to be leased for new schools if the duration of the lease exceeds the life expectancy of the school facility by at least fifty per cent. The proceeds derived through the sale of any land purchased or partially purchased with monies provided by the school facilities board shall be
returned to the state fund from which it was appropriated and to any other participating entity on a proportional basis. Except as provided in section 15-342, paragraph 33, if a school district acquires real property by donation at an appropriate school site approved by the school facilities board, the school facilities board shall distribute an amount equal to twenty per cent of the fair market value of the donated real property that can be used for academic purposes. The school district shall place the monies in the unrestricted capital outlay fund and increase the unrestricted capital budget limit by the amount of monies placed in the fund. Monies distributed under this subsection shall be distributed from the new school facilities fund. A school district that receives monies from the new school facilities fund for a donation of land pursuant to section 15-342, paragraph 33 shall not receive monies from the school facilities board for the donation of real property pursuant to this subsection. A school district shall not pay a consultant a percentage of the value of any of the following:

1. Donations of real property, services or cash from any of the following:
   (a) Entities that have offered to provide construction services to the school district.
   (b) Entities that have been contracted to provide construction services to the school district.
   (c) Entities that build residential units in that school district.
   (d) Entities that develop land for residential use in that school district.
2. Monies received from the school facilities board on behalf of the school district.
3. Monies paid by the school facilities board on behalf of the school district.

6. In addition to distributions to school districts based on pupil growth projections, a school district may submit an application to the school facilities board for monies from the new school facilities fund if one or more school buildings have outlived their useful life. If the school facilities board determines that the school district needs to build a new school building for these reasons, the school facilities board shall remove the square footage computations that represent the building from the computation of the school district's total square footage for purposes of this section. If the square footage recomputation reflects that the school district no longer meets building adequacy standards, the school district qualifies for a distribution of monies from the new school construction formula in an amount determined pursuant to subsection D of this section. Buildings removed from a school district's total square footage pursuant to this subsection shall not be included in the computation of monies from the building renewal fund established by section 15-2031. The school facilities board may ONLY modify the base cost per square foot prescribed in this subsection under extraordinary circumstances for geographic factors or site conditions.
H. School districts that receive monies from the new school facilities fund shall establish a district new school facilities fund and shall use the monies in the district new school facilities fund only for the purposes prescribed in this section. By October 15 of each year, each school district shall report to the school facilities board the projects funded at each school in the previous fiscal year with monies from the district new school facilities fund and shall provide an accounting of the monies remaining in the new school facilities fund at the end of the previous fiscal year.

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

J. The board's consideration of any application filed after July 1, 2001 or after December 31 of the year in which the property becomes territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461 for monies to fund the construction of new school facilities proposed to be located in territory in the vicinity of a military airport or ancillary military facility shall include, if after notice is transmitted to the military airport pursuant to section 15-2002 and before the public hearing the military airport provides comments and analysis concerning compatibility of the proposed school facilities with the high noise or accident potential generated by military airport or ancillary military facility operations that may have an adverse effect on public health and safety, consideration and analysis of the comments and analysis provided by the military airport before making a final determination.

K. If a school district uses its own project manager for new school construction, the members of the school district governing board and the project manager shall sign an affidavit stating that the members and the project manager understand and will follow the minimum adequacy requirements prescribed in section 15-2011.

L. The school facilities board shall establish a separate account in the new school facilities fund designated as the litigation account to pay attorney fees, expert witness fees and other costs associated with litigation in which the school facilities board pursues the recovery of damages for deficiencies correction that resulted from alleged construction defects or design defects that the school facilities board believes caused or contributed to a failure of the school building to conform to the building adequacy requirements prescribed in section 15-2011. Attorney fees paid pursuant to this subsection shall not exceed the market rate for similar types of litigation. The joint committee on capital review shall conduct an annual review of the litigation account, including the costs associated with current and potential litigation.
M. Until the state board of education and the auditor general adopt rules pursuant to section 15-213, subsection I, the school facilities board may allow school districts to contract for construction services and materials through the qualified select bidders list method of project delivery for new school facilities pursuant to this section.

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

O. If a school district constructs new square footage according to section 15-342, paragraph 33, the school facilities board shall review the design plans and location of any new school facility submitted by school districts and another party to determine whether the design plans comply with the adequacy standards prescribed in section 15-2011 and the square footage per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b) of this section. When the school district qualifies for a distribution of monies from the new school facilities fund according to this section, the school facilities board shall distribute monies to the school district from the new school facilities fund for the square footage constructed under section 15-342, paragraph 33 at the same cost per square foot established by this section that was in effect at the time of the beginning of the construction of the school facility. Before the school facilities board distributes any monies pursuant to this subsection, the school district shall demonstrate to the school facilities board that the facilities to be funded pursuant to this section meet the minimum adequacy standards prescribed in section 15-2011. The agreement entered into pursuant to section 15-342, paragraph 33 shall set forth the procedures for the allocation of these funds to the parties that participated in the agreement.

Sec. 45. Repeal
Title 15, chapter 17, Arizona Revised Statutes, is repealed.

Sec. 46. Section 38-232, Arizona Revised Statutes, is amended to read:

38-232. Time of oath
When a different time is not prescribed, the oath of office shall be taken AND subscribed and filed as follows:

1. If appointed, at least one day OR before commencement of the term of office.
2. If elected, at any time after receiving the officer's certificate of election, and at least one day OR before commencement of the term of office.
Sec. 47. Section 38-766.01, Arizona Revised Statutes, is amended to read:

38-766.01. Retired members; return to work

A. Notwithstanding section 38-766, a retired member may return to work and still be eligible to receive retirement benefits if all of the following requirements are satisfied:
1. The retired member has attained the member's normal retirement age.
2. The retired member terminated employment at least twelve months before returning to work.
3. If the retired member returns to work as a teacher, the retired member is working as a certificated teacher.
4. If the retired member returns to work as a teacher, the retired member's employment is not subject to the requirements prescribed in sections 15-536, 15-538, 15-538.01 and 15-539 through 15-543.
5. The retired member acknowledges in writing the provisions of this section.

B. An employer of a retired member who returns to work pursuant to this section shall not pay contributions on behalf of the retired member pursuant to section 38-736, 38-737 or 38-797.05. A retired member who returns to work pursuant to this section does not accrue credited service, retirement benefits or long-term disability program benefits pursuant to article 2.1 of this chapter for the period the retired member returns to work.

Sec. 48. Section 41-1232.04, Arizona Revised Statutes, is amended to read:

41-1232.04. Registration; exceptions

Sections 41-1232, 41-1232.01, 41-1232.02 AND 41-1232.03 do not apply to a person if that person is acting in the following capacity:
1. A natural person who merely appears for himself before a committee of the legislature or before a state officer or employee or a state agency, board, commission or council to lobby in support of or in opposition to legislation or official action.
2. A natural person who, acting in his own behalf, sends a letter to, converses on the telephone with or has a personal conversation with a state officer or employee for the purpose of supporting or opposing any legislation or official action.
3. A duly elected or retained public official, judge or justice, A PERSON duly appointed to an elective public office, or an appointed member of a state, county or local board, advisory committee, commission or council acting in his official capacity on matters pertaining to his office, board, advisory committee, commission or council.
4. A person who answers technical questions or provides technical information at the request of a lobbyist, designated public lobbyist, authorized public lobbyist or legislator and who makes no expenditures required to be reported by this article.
5. A person who performs professional services in drafting bills or in advising and rendering opinions to clients as to the construction and effect of proposed or pending legislation.

6. An attorney who represents clients before any court or before any quasi-judicial body.

7. A person who contacts a state officer or state employee solely for the purpose of acquiring information.

8. A person who contacts a state officer, or state employee, SCHOOL DISTRICT GOVERNING BOARD MEMBER OR SCHOOL DISTRICT EMPLOYEE in connection with the procurement or attempted procurement of, OR THE FULFILLMENT OF CONTRACTS FOR, materials, services or construction. FOR THE PURPOSES OF THIS PARAGRAPH, SERVICES INCLUDE BONDING SERVICES.

9. A natural person who is a member of an association and, who is not the lobbyist for compensation, designated lobbyist or authorized lobbyist for the association and who does not make any expenditures that would otherwise be required to be reported by this article if the natural person were a lobbyist, designated public lobbyist or authorized public lobbyist.

Sec. 49. Section 41-1758, Arizona Revised Statutes, is amended to read:

41-1758. Definitions
In this article, unless the context otherwise requires:

1. "Agency" means the supreme court, the department of economic security, the department of education, the department of health services, the department of juvenile corrections, the department of emergency and military affairs, the board of fingerprinting or the board of examiners of nursing care institution administrators and assisted living facility managers.

2. "Division" means the fingerprinting division in the department of public safety.

3. "Good cause exception" means the issuance of a fingerprint clearance card to an employee pursuant to section 41-619.55.

4. "Person" means a person who is required to be fingerprinted pursuant to any of the following:
   (a) Section 8-105.
   (b) Section 8-322.
   (c) Section 8-509.
   (d) Section 8-802.
   (e) Section 15-183.
   (f) SECTION 15-503.
      (g) Section 15-534.
      (h) Section 15-1330.
      (i) Section 15-1881.
      (j) Section 26-103.
      (k) Section 36-411.
      (l) Section 36-425.03.
      (m) Section 36-446.04.
      (n) Section 36-594.01.
5. "Vulnerable adult" has the same meaning prescribed in section 13-3623.

Sec. 50. Section 41-1758.01, Arizona Revised Statutes, as amended by Laws 2009, chapter 8, section 17, is amended to read:

41-1758.01. Fingerprinting division; duties

The fingerprinting division is established in the department of public safety and shall:

1. Conduct fingerprint background checks for persons and applicants who are seeking employment with licensees, contract providers and state agencies or seeking employment or educational opportunities with agencies that require fingerprint background checks pursuant to sections 8-105, 8-322, 8-509, 8-802, 15-183, 15-503, 15-534, 15-1330, 15-1881, 26-103, 36-411, 36-425.03, 36-446.04, 36-594.01, 36-594.02, 36-882, 36-883.02, 36-897.01, 36-897.03, 36-3008, 41-619.52, 41-619.53, 41-1964, 41-1967.01, 41-1968, 41-1969 and 41-2814, section 46-141, subsection A.

2. Issue fingerprint clearance cards. On issuance, a fingerprint clearance card becomes the personal property of the cardholder and the cardholder shall retain possession of the fingerprint clearance card.

3. On submission of an application for a fingerprint clearance card, collect the fees established by the board of fingerprinting pursuant to section 41-619.53 and deposit, pursuant to sections 35-146 and 35-147, the monies collected in the board of fingerprinting fund.

4. Inform in writing each person who submits fingerprints for a fingerprint background check of the person's right to petition the board of fingerprinting for a good cause exception pursuant to sections 41-1758.03 and 41-1758.07.

5. Administer and enforce this article.

Sec. 51. Section 41-2632, Arizona Revised Statutes, is amended to read:

41-2632. Cooperative purchasing authorized
A. Any public procurement unit may either participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any materials, services or construction with one or more public procurement units in accordance with an agreement entered into between the participants. A nonprofit educational or public health institution may enter into an agreement pursuant to this section if one or more of the parties involved is a public procurement unit. An agreement entered into as provided in this article is exempt from section 11-952, subsections SUBSECTION D and F. Parties under a cooperative purchasing agreement may:

1. Sponsor, conduct or administer a cooperative agreement for the procurement or disposal of any materials, services or construction.
2. Cooperatively use materials or services.
3. Commonly use or share warehousing facilities, capital equipment and other facilities.
4. Provide personnel, except that the requesting public procurement unit shall pay the public procurement unit providing the personnel the direct and indirect cost of providing the personnel, in accordance with the agreement.
5. On request, make available to other public procurement units informational, technical or other services or software that may assist in improving the efficiency or economy of procurement. The public procurement unit furnishing the informational, technical or other services or software has the right to request reimbursement for the reasonable and necessary costs of providing these services or software.

B. The school facilities board or school districts, or both, may enter into an agreement with a public procurement unit pursuant to this section for the purpose of procuring materials and services needed to correct deficiencies in school facilities as determined in section 15-2021.

C. The activities described in this section do not limit what parties may do under a cooperative purchasing agreement.

D. A nonprofit corporation operating as a public procurement unit under this section, on request of the auditor general, shall provide to the auditor general all documentation concerning any cooperative purchasing transaction the public procurement unit administers under this section.

E. A nonprofit corporation operating as a public procurement unit under this section shall comply with all procurement laws applicable to the public procurement unit participating in a cooperative purchasing transaction that the nonprofit corporation administers.

F. This section does not abrogate the responsibility of each public procurement unit to ensure compliance with procurement laws that apply to the particular public procurement, notwithstanding the fact that the cooperative purchase is administered by a nonprofit corporation operating under this section.

Sec. 52. Section 42-6206, Arizona Revised Statutes, is amended to read:
42-6206. Development agreements; acknowledgment of tax liability; default

A. Each lease or development agreement between a prime lessee and a government lessor entered into after June 30, 1996 shall include:
1. A notice of the tax liability under this article.
2. A provision that failure by the prime lessee to pay the tax after notice and an opportunity to cure is an event of default that could result in divesting the prime lessee of any interest in or right of occupancy of the government property improvement.


Sec. 53. Section 42-13051, Arizona Revised Statutes, is amended to read:

42-13051. Duties of county assessor

A. Not later than December 15 of each year the county assessor shall identify by diligent inquiry and examination all real property in the county that is subject to taxation and that is not otherwise valued by the department as provided by law.

B. The assessor shall:
1. Determine the names of all persons who own, claim, possess or control the property, INCLUDING PROPERTIES SUBJECT TO THE GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO CHAPTER 6, ARTICLE 5 OF THIS TITLE.
2. Determine the full cash value of all such property as of January 1 of the next year by using the manuals furnished and procedures prescribed by the department.
3. List the property with the determined valuation for use on the tax roll AND REPORT TO THE DEPARTMENT OF EDUCATION THE DETERMINED VALUATIONS OF PROPERTIES THAT ARE SUBJECT TO THE GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO CHAPTER 6, ARTICLE 5 OF THIS TITLE.

C. In identifying property pursuant to this section, the assessor shall use aerial photography, applicable department of revenue records, building permits and other documentary sources and technology.

Sec. 54. Section 42-17151, Arizona Revised Statutes, is amended to read:

42-17151. County, municipal, community college and school tax levy

A. On or before the third Monday in August each year, the governing body of each county, city, town, community college district and school district shall:
1. Fix, levy and assess the amount to be raised from primary property taxation and secondary property taxation. This amount, plus all other sources of revenue, as estimated, and unencumbered balances from the
preceding fiscal year, shall equal the total of amounts proposed to be spent in the budget for the current fiscal year.

2. Designate the amounts to be levied for each purpose appearing in the adopted budget.

3. Fix and determine a primary property tax rate and a secondary property tax rate, each rounded to four decimal places on each one hundred dollars of taxable property shown by the finally equalized valuations of property, less exemptions, that appear on the tax rolls for the fiscal year and that when extended on those valuations will produce, in the aggregate, the entire amount to be raised by direct taxation for that year.

B. The governing body of a county, city, town or community college district shall not fix, levy or assess an amount of primary property taxes in excess of the amount permitted by section 42-17051, subsection A, paragraph 7 or section 42-17005 as determined by the property tax oversight commission.

C. THE GOVERNING BOARD OF A COMMON SCHOOL DISTRICT, A HIGH SCHOOL DISTRICT OR A UNIFIED SCHOOL DISTRICT SHALL NOT FIX, LEVY OR ASSESS A PRIMARY PROPERTY TAX RATE HIGHER THAN THE CURRENT YEAR’S RATE IF THE DISTRICT MEETS BOTH OF THE FOLLOWING CRITERIA, AS DETERMINED BY THE PROPERTY TAX OVERSIGHT COMMISSION:

1. THE TOTAL PRIMARY PROPERTY TAXES LEVIED FOR ALL TAXING JURISDICTIONS ON AT LEAST ONE-HALF OF THE RESIDENTIAL PROPERTY OF THE DISTRICT EXCEED THE LIMITATION DESCRIBED IN SECTION 15-972, SUBSECTION E.

2. THE SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE EXCEEDS ONE HUNDRED FIFTY PER CENT OF THE APPLICABLE QUALIFYING TAX RATE PURSUANT TO SECTION 41-1276.

D. NO LATER THAN DECEMBER 31, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL NOTIFY THOSE SCHOOL DISTRICTS THAT MEET THE CRITERIA DESCRIBED IN SUBSECTION C OF THIS SECTION AND THE COUNTY SCHOOL SUPERINTENDENTS AND BOARDS OF SUPERVISORS OF THE COUNTIES IN WHICH THE SCHOOL DISTRICTS ARE LOCATED.

E. Within three days after the final levies are determined for a county, city, town or community college district, the chief county fiscal officer shall notify the property tax oversight commission of the amount of the primary property tax levied.

Sec. 55. Repeal
Laws 2008, chapter 287, section 65 is repealed.

Sec. 56. Laws 2009, chapter 6, section 1 is amended to read:
Section 1. Calculation of state aid allocations; school districts
A. By the close of business on October 15 NOVEMBER 2, 2009, the department of education shall apportion to each qualifying school district from monies appropriated for basic state aid and additional state aid for fiscal year 2009-2010 an amount determined as follows:

1. Identify the total ending cash FUND balance of each school district in this state as of June 30, 2009 in its maintenance and operation funds, capital outlay funds and soft capital allocation funds.
2. Calculate for each school district in this state the sum of the amounts identified in paragraph 1 of this subsection.

3. IDENTIFY FOR EACH SCHOOL DISTRICT IN THIS STATE THE AMOUNT OF BASIC STATE AID AND ADDITIONAL STATE AID THAT WAS SCHEDULED TO BE APPORTIONED ON MAY 15, 2009 PURSUANT TO SECTION 15-973, ARIZONA REVISED STATUTES, BUT THAT WAS DEFERRED PURSUANT TO LEGISLATION ENACTED INTO LAW DURING MAY 2009.

4. CALCULATE FOR EACH SCHOOL DISTRICT IN THIS STATE THE SUM OF THE AMOUNTS IDENTIFIED IN PARAGRAPHS 2 AND 3 OF THIS SUBSECTION.

5. Identify for each school district in this state the amount, if any, that is budgeted for budget balances for fiscal year 2009-2010 pursuant to section 15-918.04, subsection C, Arizona Revised Statutes, section 15-919.04, subsection D, Arizona Revised Statutes, section 15-943.01, Arizona Revised Statutes, and section 15-947, subsection D, paragraph 4 and subsection E, paragraph 2, Arizona Revised Statutes.

6. Calculate for each school district in this state the sum of the amounts identified in paragraph 3 of this subsection.

7. Subtract for each school district in this state the amount determined in paragraph 4 of this subsection from the amount determined in paragraph 2 of this subsection. IF THE COMPUTED AMOUNT IS ZERO OR A NEGATIVE NUMBER, USE ZERO.

8. Identify the total revenue received by each school district in this state for its maintenance and operation funds, capital outlay funds and soft capital allocation funds for fiscal year 2008-2009, excluding the beginning cash balances in each of those funds.

9. Calculate for each school district in this state the sum of the amounts identified in paragraph 6 of this subsection.

10. Identify the total P.L. 81-874 revenue received by each school district in this state for its maintenance and operation funds, capital outlay funds and soft capital allocation funds for fiscal year 2008-2009.

11. Calculate for each school district in this state the sum of the amounts identified in paragraph 8 of this subsection.

12. Divide for each school district in this state the amount determined in paragraph 9 of this subsection by the amount determined in paragraph 7 of this subsection.

13. Multiply the quotient determined in paragraph 12 of this subsection by the amount determined in paragraph 5 of this subsection.

14. Subtract the amount determined in paragraph 13 of this subsection from the amount determined in paragraph 5 of this subsection. IF THE COMPUTED AMOUNT IS ZERO OR A NEGATIVE NUMBER, USE ZERO.

15. Identify for each school district in this state the amount of basic state aid and additional state aid that was scheduled to be apportioned on May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that was deferred pursuant to legislation enacted into law during May 2009.

16. For each school district in this state except accommodation schools as defined in section 15-101, Arizona Revised Statutes, subtract the amount determined in paragraph 14 of this subsection from the amount determined in paragraph 15 of this subsection.
determined in paragraph 15 of this subsection. If the computed amount is zero or a negative amount, use zero. For accommodation schools, use the amount identified in paragraph 15 of this subsection. The amount determined pursuant to this paragraph is the amount of the apportionment to the school district or accommodation school.

B. In addition to the amount required by subsection A of this section, by the close of business on October 15, 2009, the department of education shall apportion to each qualifying school district from monies appropriated for basic state and additional state aid for fiscal year 2009-2010 an amount determined as follows:

1. Identify the amount determined in subsection A, paragraph 16 of this section.
2. Multiply the amount determined in paragraph 1 of this subsection by two per cent for an assumed interest rate of two per cent.
3. Multiply the amount determined in paragraph 2 of this subsection by five-twelfths for an assumed five month interest accumulation period. The amount determined pursuant to this paragraph is the amount of the apportionment to the school district or accommodation school.

C. Notwithstanding any provision of law, for fiscal year 2009-2010, if the governing board of a school district incurred interest expenses for registering warrants in fiscal year 2008-2009 or expects to incur interest expenses for registering warrants in fiscal year 2009-2010 related to basic state aid and additional state aid that was scheduled to be apportioned on May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that was deferred pursuant to legislation enacted into law during May 2009, the governing board may budget an estimated amount for those interest expenses. Any such amount is specifically exempt from the revenue control limit in fiscal year 2009-2010. If the budgeted estimate amount is greater than the amount received pursuant to subsection B of this section, the governing board shall not expend more than the amount received pursuant to subsection B of this section. If the budgeted estimate amount is less than the amount received pursuant to subsection B of this section, the governing board may revise its budget during fiscal year 2009-2010 to include the actual amount received pursuant to subsection B of this section and shall not expend more than the amount received pursuant to subsection B of this section.

D. School districts shall include in the revenue estimates that they use for computing their tax rates for fiscal year 2009-2010 the monies that they will receive pursuant to subsection A, paragraph 16 of this section.

E. The county treasurer and county school superintendent in each county shall provide to the department of education any information that is requested by the department of education to carry out the requirements of this section.

Sec. 57. Repeal

Laws 2009, forty-ninth legislature, third special session, chapter 2, sections 5, 7, 8 and 9 are repealed.
Sec. 58. Joint technological education district equalization funding; pro rata reduction

A. Notwithstanding section 15-393, Arizona Revised Statutes, or any other law, the department of education shall fund state aid for joint technological education districts for fiscal year 2009-2010 at ninety-one percent of the amount that otherwise would be provided by law.

B. Notwithstanding subsection A of this section, a joint technological education district shall not receive less equalization formula funding for fiscal year 2009-2010 than it received for fiscal year 2008-2009 except for reductions due to changes in student counts, net assessed property values or other technical factors or due to prior year adjustments or corrections. For the purposes of this subsection, "equalization formula funding" means the sum of a joint technological education district's base support level, as prescribed in section 15-943.02, Arizona Revised Statutes, and its capital outlay revenue limit and soft capital allocation, as prescribed in section 15-962.01, Arizona Revised Statutes.

Sec. 59. Reduction in school district state aid apportionment in fiscal year 2009-2010; appropriations in fiscal year 2010-2011

A. Notwithstanding any other law, the state board of education shall defer until after July 1, 2010 but no later than August 29, 2010 $602,627,700 of the basic state aid and additional state aid payment that otherwise would be apportioned to school districts under law during June 2010 pursuant to section 15-973, Arizona Revised Statutes, as amended by this act. The funding deferral required by this subsection does not apply to charter schools.

B. The sum of $602,627,700 is appropriated in fiscal year 2010-2011 from the state general fund to the state board of education and the superintendent of public instruction for basic state aid and additional state aid entitlement for fiscal year 2010-2011. This appropriation shall be disbursed after July 1, 2010 but no later than August 29, 2010 to the several counties for the school districts in each county in amounts equal to the reductions in apportionment of basic state aid and additional state aid that are required pursuant to subsection A of this section for fiscal year 2009-2010.

C. The sum of $886,200 is appropriated in fiscal year 2010-2011 from the state general fund to the state board of education and the superintendent of public instruction for any costs to school districts that may be associated with the reductions in apportionment of basic state aid and additional state aid for fiscal year 2009-2010 that are required pursuant to subsection A of this section. This appropriation shall be disbursed after July 1, 2010 but no later than August 29, 2010 to the several counties for the school districts in each county and shall be allocated based on the percent of the total $602,627,700 deferred payment for fiscal year 2009-2010 that is attributable to each individual school district.
D. Notwithstanding any provision of law, for fiscal year 2010-2011, if the governing board of a school district incurred interest expenses for registering warrants in fiscal year 2009-2010 or expects to incur interest expenses for registering warrants in fiscal year 2010-2011 pursuant to subsection A of this section, the governing board may budget an estimated amount for those interest expenses. Any such amount is specifically exempt from the revenue control limit in fiscal year 2010-2011. If the budgeted estimate amount is greater than the amount received pursuant to subsection C, the governing board shall not expend more than the amount received pursuant to subsection C of this section. If the budgeted estimate amount is less than the amount received pursuant to subsection C of this section, the governing board may revise its budget during fiscal year 2010-2011 to include the actual amount received pursuant to subsection C of this section and shall not expend more than the amount received pursuant to subsection C of this section.

E. School districts shall include in the revenue estimates that they use for computing their tax rates for fiscal year 2009-2010 the monies that they will receive pursuant to subsection B of this section.

Sec. 60. Elimination of adjustment for rapid decline in student count beginning in fiscal year 2009-2010

Pursuant to the repeal of section 15-942, Arizona Revised Statutes, as provided by this act, beginning in fiscal year 2009-2010, the department of education shall not provide rapid decline funding to school districts.

Sec. 61. Building renewal fund; suspension in fiscal year 2009-2010

Notwithstanding section 15-2031, Arizona Revised Statutes, the school facilities board shall not distribute monies from the building renewal fund in fiscal year 2009-2010.

Sec. 62. School facilities board; new construction moratorium

A. Except as provided in section 75 of this act, relating to school facilities board lease-to-own, notwithstanding sections 15-2011 and 15-2041, Arizona Revised Statutes, as amended by this act, for fiscal year 2009-2010, the school facilities board shall not authorize or award funding for the design or construction of any new school facility and shall not authorize or award funding for school site acquisitions.

B. During fiscal year 2009-2010, school districts shall submit capital plans according to section 15-2041, subsection C, Arizona Revised Statutes, as amended by this act. The school facilities board may review and award new school facilities as outlined in section 15-2041, Arizona Revised Statutes, as amended by this act, subject to future appropriations.

Sec. 63. Early graduation scholarship program; funding suspension; temporary moratorium on new program participants

A. Notwithstanding section 15-105, subsection E, Arizona Revised Statutes, as amended by this act, the student count and per pupil funding of
a school district or charter school for fiscal year 2009-2010 shall not be
adjusted to reflect requirements under that subsection.

B. Notwithstanding section 15-105, subsection F, Arizona Revised
Statutes, as amended by this act, for fiscal year 2009-2010 the department of
education shall not transmit any monies to the commission for postsecondary
education for the early graduation scholarship program.

C. Notwithstanding section 15-105, Arizona Revised Statutes, as
amended by this act, students who were not admitted before July 1, 2009 to
participate in the early graduation scholarship program shall not be admitted
to participate in the early graduation scholarship program during fiscal year
2009-2010.

D. If sufficient monies are available in the early graduation
scholarship fund established by section 15-105, Arizona Revised Statutes, as
amended by this act, students who were admitted before July 1, 2009 to
participate in the early graduation scholarship program shall continue to
receive funding to participate in the program in fiscal year 2009-2010.

E. For fiscal year 2009-2010, the commission for postsecondary
education may solicit, receive and administer private and corporate
donations, federal grants and other federal monies in support of the early
graduation scholarship program. All monies received pursuant to this
subsection shall be deposited in the early graduation scholarship fund.

Sec. 64. Soft capital reduction for school districts for fiscal
year 2009-2010
The department of education shall implement the following:
1. For fiscal year 2009-2010, the department of education shall reduce
by $175,000,000 the amount of basic state aid that otherwise would be
apportioned to school districts statewide for fiscal year 2009-2010 for the
soft capital allocation prescribed in section 15-962, Arizona Revised
Statutes, and shall reduce school district budget limits accordingly.
2. For fiscal year 2009-2010, the department of education shall reduce
the soft capital allocation for a school district that is not eligible to
receive basic state aid funding for fiscal year 2009-2010 by the amount that
its soft capital allocation would be reduced pursuant to paragraph 1 of this
section if the district was eligible to receive basic state aid funding for
fiscal year 2009-2010 and shall reduce the school district's budget limits
accordingly.
3. To the extent possible, the soft capital reductions required by
this section shall be taken against administrative costs, rather than
classroom instruction.
4. Notwithstanding paragraphs 1 and 2 of this section, the department
of education shall reduce by fifty per cent the soft capital reduction that
would otherwise be calculated pursuant to this section for kindergarten
programs and grades one through eight for a school district that has a
student count of fewer than six hundred in kindergarten programs and grades
one through eight.
5. Notwithstanding paragraphs 1 and 2 of this section, the department of education shall reduce by fifty per cent the soft capital reduction that would otherwise be calculated pursuant to this section for grades nine through twelve for a school district that has a student count of fewer than six hundred in grades nine through twelve.

Sec. 65. Soft capital expenditures for fiscal year 2009-2010

Notwithstanding section 15-962, Arizona Revised Statutes, for fiscal year 2009-2010, a school district may use its soft capital allocation for any operating or capital expenditures.

Sec. 66. Annual performance audit; AIMS intervention and dropout prevention program; suspension in fiscal year 2009-2010

Notwithstanding section 15-809, subsection C, Arizona Revised Statutes, the department of education is not required to contract with a private entity to conduct an annual performance audit of the AIMS intervention and dropout prevention program for fiscal year 2009-2010.

Sec. 67. School districts; expenditure of remaining bond proceeds from 2000

Notwithstanding any other law, a school district may expend the remaining proceeds from a bond election conducted in November, 2000 to make modifications to an existing school facility rather than build a new school facility if the school district meets all of the following criteria:

1. The school district is a unified school district that is located in a county with a population of more than three million persons.

2. Had a total average daily membership count in kindergarten programs and grades one through eight of more than three thousand eight hundred pupils but less than three thousand nine hundred pupils and a total average daily membership count in grades nine through twelve of more than one thousand seven hundred pupils but less than one thousand eight hundred pupils for the 2007-2008 school year.

3. Does not qualify for state aid for equalization assistance for education funding under section 15-971, subsection D, Arizona Revised Statutes, as amended by this act.

Sec. 68. Special education cost study; suspension in fiscal years 2009-2010 and 2010-2011

Notwithstanding section 15-236, Arizona Revised Statutes, the department of education shall not conduct a cost study of special education programs in fiscal years 2009-2010 and 2010-2011.

Sec. 69. School district budgets; actual utility costs and funding plan; fiscal year 2009-2010

A. Notwithstanding section 15-910.04, Arizona Revised Statutes, a school district is not permitted to adjust its revenue control limit in fiscal year 2009-2010 for actual utility costs.

B. Notwithstanding section 15-910.03, Arizona Revised Statutes, a school district is not required to submit a funding plan pursuant to that section in fiscal year 2009-2010.
Sec. 70. **Task force on assessments to measure college and career readiness; delayed repeal**

A. The task force on assessments to measure college and career readiness is established consisting of the following members from diverse urban and rural areas who shall be appointed by the state board of education:

1. A superintendent who is employed by a school district in this state and who has expertise and experience in career and technical education.
2. A person who is employed by a school district in this state and who has expertise and experience in the academic assessment of pupils.
3. A high school principal who is employed by a school district in this state.
4. Three persons who are employed by postsecondary institutions in this state, at least one of whom is employed by a community college district.
5. Three members of the public, at least one of whom has expertise and experience in business or industry.

B. The state board of education shall select one of the appointed members to serve as the task force chairperson.

C. The task force shall:

1. Examine and evaluate existing tests that measure college and career readiness, including tests adopted for these purposes by other states or nations.
2. Examine and evaluate existing tests for admission into postsecondary institutions and the scores accepted on those tests for admission into those postsecondary institutions, including the experiences and outcomes of other states or nations that have adopted tests for these purposes.
3. Examine and evaluate existing tests used by postsecondary institutions to award postsecondary academic credit, or placement in credit bearing courses, or both, without remediation and the scores accepted on those tests by postsecondary institutions, including the experiences and outcomes of other states or nations that have adopted tests for these purposes.

4. Recommend a process for the selection of one or more tests that meet the criteria specified in paragraphs 1, 2 and 3 of this subsection that will be administered to pupils in grade nine in this state beginning in the spring of 2011.

5. Recommend a process for the selection of one or more tests that meet the criteria specified in paragraphs 1, 2 and 3 of this subsection that will be administered to pupils in grade eleven in this state beginning in the spring of 2012.

6. Submit a written report that contains the task force's findings and recommendations on or before June 30, 2010 to the state board of education, the governor, the speaker of the house of representatives and the president of the senate. The task force shall provide a copy of this report to the secretary of state and the director of the Arizona state library, archives and public records.
D. The task force may use the services and expertise of the staff of
the legislature and the staff of the department of education.

E. This section is repealed from and after September 15, 2010.

Sec. 71. Saving clause

This act does not affect any special budget overrides pursuant to
section 15-482, Arizona Revised Statutes, as amended by this act, that were
approved by a majority of the qualified electors of a school district voting
in the election before the effective date of this act. Special budget
overrides pursuant to section 15-482, Arizona Revised Statutes, as amended by
this act, that were approved by a majority of the qualified electors of a
school district voting in the election before the effective date of this act
shall continue for the duration previously authorized by the qualified
electors or until the qualified electors of the school district subsequently
approve a budget increase in an amount of not more than fifteen per cent of
the revenue control limit as prescribed in section 15-481, subsection G,
Arizona Revised Statutes, as amended by this act, whichever occurs first.

Sec. 72. Override election procedures for fiscal year 2009-2010

Notwithstanding any other law, for fiscal year 2009-2010:

1. A school district may conduct an election on the second Tuesday in
March 2010 to submit a proposed budget increase to the qualified electors in
an amount of not more than fifteen per cent of the revenue control limit as
prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
amended by this act. Override elections conducted in subsequent fiscal years
shall be as prescribed by statute. An increase of not more than fifteen per
cent that is subsequently approved by a majority of the qualified electors of
the school district voting in the election shall replace any previously
authorized increases approved by the qualified electors voting in the
election pursuant to section 15-481, subsection E or F, Arizona Revised
Statutes, as amended by this act, and section 15-482, Arizona Revised
Statutes, as amended by this act.

2. If a majority of the qualified electors in a school district voting
in the election approve a proposed budget increase in an amount of not more
than ten per cent of the revenue control limit in an election conducted on
the first Tuesday in November 2009, the school district may subsequently
conduct an election on the second Tuesday in March 2010 to submit to the
qualified electors a proposed budget increase in an amount of not more than
an additional five per cent of the revenue control limit. Override elections
conducted in subsequent fiscal years shall be as prescribed by statute.

3. If a majority of the qualified electors of a common school district
voting in the election have approved both a budget increase that is still in
effect on the effective date of this act pursuant to section 15-481,
subsection E or F, Arizona Revised Statutes, as amended by this act, and a
budget increase that is still in effect on the effective date of this act
pursuant to section 15-482, Arizona Revised Statutes, as amended by this act,
the common school district may call an election on the second Tuesday in
March 2010 to submit to the qualified electors a proposed budget increase in
an amount of not more than seventeen per cent of the revenue control limit. An increase of not more than seventeen per cent that is subsequently approved by a majority of the qualified electors of the school district voting in the election shall replace any previously authorized increases approved by the qualified electors pursuant to section 15-481, subsection E or F, Arizona Revised Statutes, as amended by this act, and section 15-482, Arizona Revised Statutes, as amended by this act. If approved by a majority of the qualified electors voting in the election, the common school district may continue to budget the amount of not more than seventeen per cent of the revenue control limit for the remaining number of years of the override previously approved pursuant to section 15-482, Arizona Revised Statutes, as amended by this act. On the expiration of the override previously approved pursuant to section 15-482, Arizona Revised Statutes, as amended by this act, override elections conducted in subsequent fiscal years shall be as prescribed by statute.

4. A governing board may cancel any override election previously called for November 2009 no later than August 15, 2009 in order to implement this section.

Sec. 73. Transportation school district; lapsing; annexation; definition; delayed repeal

A. Notwithstanding section 15-469, Arizona Revised Statutes, and until June 30, 2010, a county school superintendent may suspend a transportation school district and report the suspension and the reasons for the suspension to the board of supervisors of the county at the next meeting of the board of supervisors. The board of supervisors of the county may declare a transportation school district lapsed and may annex the territory to one or more of the adjoining school districts. The board of supervisors may dispose of the property of the lapsed school district and credit the proceeds to the lapsed school district. The county school superintendent shall determine the total indebtedness of the lapsed school district, excluding bonded indebtedness, and shall submit a warrant to the county treasurer for payment of the amount of this indebtedness. Any balance remaining after this payment shall be transferred to the county school fund. This subsection applies to a school district if all of the following conditions exist:

1. The school district is a transportation school district as defined in this section that is located in a county with a population of less than one hundred fifty thousand persons but more than one hundred twenty thousand persons.

2. The school district’s average daily membership for the 2007-2008 school year was less than fifty pupils between the ages of six and twenty-one years for three months during the school year.

B. For the purposes of this section, “transportation school district” means a school district that does not offer instruction to any pupils who reside in that school district and that transports pupils who reside in that school district to one or more other school district for instruction.

C. This section is repealed from and after July 1, 2010.
Sec. 74. Overrides; revenue control limit calculation; fiscal year 2009-2010

Notwithstanding section 15-947, subsection A, Arizona Revised Statutes, or any other law, for fiscal year 2009-2010 for purposes of computing the maximum budget increase that may be requested and authorized through override elections pursuant to title 15, chapter 4, article 4, Arizona Revised Statutes, school districts may compute a revenue control limit that assumes that the base level defined in section 15-901, subsection B, Arizona Revised Statutes, as amended by this act, for fiscal year 2009-2010 is three thousand two hundred ninety-one dollars forty-two cents.

Sec. 75. School facilities board lease-to-own

Notwithstanding section 15-2004, subsection M, Arizona Revised Statutes, section 15-2005, subsection M, Arizona Revised Statutes, and section 15-2006, Arizona Revised Statutes, the school facilities board shall enter into lease-to-own transactions for up to a maximum of $100,000,000 by December 31, 2010. The lease-to-own transactions shall be qualified school construction bonds as authorized under the American reinvestment and recovery act of 2009 and shall only be used for new construction projects. Priority for the bond proceeds shall first be given to school districts whose projected fiscal year 2009-2010 average daily membership exceeds their districtwide capacity for new school construction.

Sec. 76. Career ladder programs; maximum base level increase for fiscal year 2009-2010

A. Notwithstanding section 15-918.04, Arizona Revised Statutes, for fiscal year 2009-2010 the maximum base level increase that is permitted for a school district that participates in the career ladder program shall be five per cent.

B. For fiscal year 2009-2010, the career ladder program is limited only to teachers who participated in the program in the prior fiscal year.

Sec. 77. Apportionment of monies; fiscal year 2009-2010

A. Notwithstanding section 15-973, Arizona Revised Statutes, as amended by this act, if school districts and charter schools do not receive an apportionment payment by the close of business on the first business day of November, 2009 due to the effective date of this act, the department of education shall apportion to school districts the monies that otherwise would have been apportioned to them by the close of business on the first business day of November, 2009 as part of their scheduled payments for the remaining months of fiscal year 2009-2010 in a manner that allocates an approximately equal amount per month for each remaining month.

B. Notwithstanding section 15-973, Arizona Revised Statutes, as amended by this act, for fiscal year 2009-2010 the apportionment payment by the close of business on the last business day of June, 2010 required by section 15-973, Arizona Revised Statutes, as amended by this act, does not apply to charter schools unless charter schools do not receive an apportionment payment by the close of business on the first business day of November, 2009 due to the effective date of this act.
Sec. 78. Full-day kindergarten instruction in fiscal year 2009-2010; tuition

Notwithstanding any other law, a school district or charter school may charge tuition for full-day kindergarten in fiscal year 2009-2010 if the school district or charter school decides not to provide free full-day kindergarten instruction during fiscal year 2009-2010 due to funding reductions prescribed in this act.

Sec. 79. Basic state aid and base support level for school districts; fiscal year 2009-2010

Notwithstanding section 15-901, subsection B, paragraph 2, Arizona Revised Statutes, as amended by this act, or any other law, for fiscal year 2009-2010 for purposes of computing the base support level pursuant to section 15-943, Arizona Revised Statutes, the department of education shall assume that the base level amount defined in section 15-901, subsection B, paragraph 2, Arizona Revised Statutes, for fiscal year 2009-2010 is three thousand two hundred one dollars eighty-nine cents.

Sec. 80. Additional assistance funding for charter schools; reductions for fiscal year 2009-2010

For fiscal year 2009-2010, the department of education shall reduce by $5,000,000 the amount of additional assistance funding that otherwise would be apportioned to charter schools statewide for fiscal year 2009-2010 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as amended by this act. The funding reductions required under this section shall be made on a proportional basis based on the additional assistance funding that each charter school in the state would receive for fiscal year 2009-2010 apart from the prescribed reduction.

Sec. 81. School district budgets; revision

Notwithstanding section 15-905, subsection Q, Arizona Revised Statutes, school districts may revise their budgets to conform to the provisions of this act before November 1, 2009.

Sec. 82. Conforming legislation

The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this act for consideration in the forty-ninth legislature, second regular session.

Sec. 83. Retroactivity; saving clause

A. Section 15-105, Arizona Revised Statutes, as amended by this act, applies retroactively to September 26, 2008.

B. Subsection A of this section does not apply to pupils who before the effective date of this act qualified for participation in the early graduation scholarship program by graduating one semester early. A pupil who before the effective date of this act qualified for participation in the early graduation scholarship program by graduating one semester early may continue to participate in the program for the duration of that pupil's eligibility and shall be funded with remaining balances in the early graduation scholarship fund.

Sec. 84. Retroactivity
Laws 2009, chapter 6, section 1, as amended by this act, applies
retroactively to from and after June 30, 2009.

Sec. 85. **Effective date**
Section 11-952, Arizona Revised Statutes, as amended by Laws 2005,
chapter 273, section 3 and this act, is effective from and after December 31,
2009.

APPROVED BY THE GOVERNOR SEPTEMBER 4, 2009.