

State of Arizona  
Senate  
Fiftieth Legislature  
First Regular Session  
2011

**CHAPTER 29**  
**SENATE BILL 1617**

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 8, SECTION 1 AND LAWS 2010, SECOND REGULAR SESSION, CHAPTER 17, SECTION 2, CHAPTER 306, SECTION 1, CHAPTER 332, SECTION 4 AND CHAPTER 333, SECTION 2; REPEALING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 1; AMENDING SECTION 15-236, ARIZONA REVISED STATUTES; REPEALING SECTION 15-249, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 15-249 AND SECTION 15-249.02; AMENDING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 285, SECTION 1 AND CHAPTER 306, SECTION 3; REPEALING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 5; AMENDING SECTION 15-824, ARIZONA REVISED STATUTES; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 8, SECTION 2 AND LAWS 2010, SECOND REGULAR SESSION, CHAPTER 220, SECTION 2, CHAPTER 306, SECTION 6 AND CHAPTER 332, SECTION 15; REPEALING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 12; AMENDING SECTION 15-910.02, ARIZONA REVISED STATUTES; REPEALING SECTION 15-910.04, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF SECTIONS 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04, 15-918.05, 15-919, 15-919.02, 15-919.03, 15-919.04, 15-919.05 AND 15-919.06, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-943, 15-944, 15-945, 15-947 AND 15-947.01, ARIZONA REVISED STATUTES; AMENDING SECTION 15-977, ARIZONA REVISED STATUTES; BLENDING MULTIPLE ENACTMENTS; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 15-185, Arizona Revised Statutes, as amended by  
3 Laws 2010, seventh special session, chapter 8, section 1 and Laws 2010,  
4 second regular session, chapter 17, section 2, chapter 306, section 1,  
5 chapter 332, section 4 and chapter 333, section 2, is amended to read:

6 15-185. Charter schools: financing: civil penalty:  
7 transportation; definitions

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

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

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

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

28 (a) Increase its student count as provided in subsection B, paragraph  
29 2 of this section during the first year of the charter school's operation to  
30 include those charter school pupils who were not previously enrolled in the  
31 school district. A charter school sponsored by a school district governing  
32 board is eligible for the assistance prescribed in subsection B, paragraph 4  
33 of this section. The soft capital allocation as provided in section 15-962  
34 for the school district sponsoring the charter school shall be increased by  
35 the amount of the additional assistance. The school district shall include  
36 the full amount of the additional assistance in the funding provided to the  
37 charter school.

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

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

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

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

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

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

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

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

31 2. Notwithstanding paragraph 1 of this subsection, the student count  
32 shall be determined initially using an estimated student count based on  
33 actual registration of pupils before the beginning of the school year. After  
34 the first one hundred days or two hundred days in session, as applicable, the  
35 charter school shall revise the student count to be equal to the actual  
36 average daily membership, as defined in section 15-901, ~~or the adjusted~~  
~~average daily membership, as prescribed in section 15-902,~~ of the charter  
37 school. ~~A charter school that provides two hundred days of instruction may~~  
~~use section 15-902.02 for the purposes of this section.~~ Before the one  
40 hundredth day or two hundredth day in session, as applicable, the state board  
41 of education, the state board for charter schools, the sponsoring university,  
42 the sponsoring community college district or the sponsoring group of  
43 community college districts may require a charter school to report  
44 periodically regarding pupil enrollment and attendance, and the department of  
45 education may revise its computation of equalization assistance based on the  
46 report. A charter school shall revise its student count, base support level

1 and additional assistance before May 15. A charter school that overestimated  
2 its student count shall revise its budget before May 15. A charter school  
3 that underestimated its student count may revise its budget before May 15.

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

8 4. Equalization assistance for the charter school shall be determined  
9 by adding the amount of the base support level and additional assistance.  
10 The amount of the additional assistance is one thousand six hundred ~~seven~~  
11 ~~dollars fifty~~ TWENTY-ONE DOLLARS NINETY-SEVEN cents per student count in  
12 kindergarten programs and grades one through eight and one thousand eight  
13 hundred ~~seventy-three dollars fifty-two~~ NINETY DOLLARS THIRTY-EIGHT cents per  
14 student count in grades nine through twelve.

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

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

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

30 C. If a pupil is enrolled in both a charter school and a public school  
31 that is not a charter school, the sum of the daily membership, which includes  
32 enrollment as prescribed in section 15-901, subsection A, paragraph ~~2-1~~ 1,  
33 subdivisions (a) and (b) and daily attendance as prescribed in section  
34 15-901, subsection A, paragraph ~~6-5~~ 5, for that pupil in the school district  
35 and the charter school shall not exceed 1.0, except that if the pupil is  
36 enrolled in both a charter school and a joint technical education district  
37 and resides within the boundaries of a school district participating in the  
38 joint technical education district, the sum of the average daily membership  
39 for that pupil in the charter school and the joint technical education  
40 district shall not exceed 1.25. If a pupil is enrolled in both a charter  
41 school and a public school that is not a charter school, the department of  
42 education shall direct the average daily membership to the school with the  
43 most recent enrollment date. Upon validation of actual enrollment in both a  
44 charter school and a public school that is not a charter school and if the  
45 sum of the daily membership or daily attendance for that pupil is greater  
46 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between

1 the public school and the charter school based on the percentage of total  
2 time that the pupil is enrolled or in attendance in the public school and the  
3 charter school, except that if the pupil is enrolled in both a charter school  
4 and a joint technical education district and resides within the boundaries of  
5 a school district participating in the joint technical education district,  
6 the sum of the average daily membership for that pupil in the charter school  
7 and the joint technical education district shall be reduced to 1.25 and shall  
8 be apportioned between the charter school and the joint technical education  
9 district based on the percentage of total time that the pupil is enrolled or  
10 in attendance in the charter school and the joint technical education  
11 district. The uniform system of financial records shall include guidelines  
12 for the apportionment of the pupil enrollment and attendance as provided in  
13 this section.

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

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

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

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

35 E. If a charter school was a district public school in the prior year  
36 and is now being operated for or by the same school district and sponsored by  
37 the state board of education, the state board for charter schools, a  
38 university, a community college district, a group of community college  
39 districts or a school district governing board, the reduction in subsection D  
40 of this section applies. The reduction to the base support level of the  
41 charter school or the sponsoring district of the charter school shall equal  
42 the sum of the base support level and the additional assistance received in  
43 the current year for those pupils who were enrolled in the traditional public  
44 school in the prior year and are now enrolled in the charter school in the  
45 current year.

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

4       G. At the request of a charter school, the county school  
5 superintendent of the county where the charter school is located may provide  
6 the same educational services to the charter school as prescribed in section  
7 15-308, subsection A. The county school superintendent may charge a fee to  
8 recover costs for providing educational services to charter schools.

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

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

1       J. A charter school may receive and spend monies distributed by the  
2 department of education pursuant to section 42-5029, subsection E and section  
3 37-521, subsection B.

4       K. If a school district transports or contracts to transport pupils to  
5 the Arizona state schools for the deaf and the blind during any fiscal year,  
6 the school district may transport or contract with a charter school to  
7 transport sensory impaired pupils during that same fiscal year to a charter  
8 school if requested by the parent of the pupil and if the distance from the  
9 pupil's place of actual residence within the school district to the charter  
10 school is less than the distance from the pupil's place of actual residence  
11 within the school district to the campus of the Arizona state schools for the  
12 deaf and the blind.

13       L. Notwithstanding any other law, a university under the jurisdiction  
14 of the Arizona board of regents, a community college district or a group of  
15 community college districts shall not include any student in the student  
16 count of the university, community college district or group of community  
17 college districts for state funding purposes if that student is enrolled in  
18 and attending a charter school sponsored by the university, community college  
19 district or group of community college districts.

20       M. The governing body of a charter school shall transmit a copy of its  
21 proposed budget or the summary of the proposed budget and a notice of the  
22 public hearing to the department of education for posting on the department  
23 of education's website no later than ten days before the hearing and meeting.  
24 If the charter school maintains a website, the charter school governing body  
25 shall post on its website a copy of its proposed budget or the summary of the  
26 proposed budget and a notice of the public hearing.

27       N. The governing body of a charter school may contract with the  
28 private organization that is approved by the state board of education  
29 pursuant to section 15-792.02 to provide approved board examination systems  
30 for the charter school.

31       0. For the purposes of this section:

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

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

44       Sec. 2. Repeal

45       Section 15-185, Arizona Revised Statutes, as amended by Laws 2010,  
46 chapter 318, section 1, is repealed.

1 Sec. 3. Section 15-236, Arizona Revised Statutes, is amended to read:

2 15-236. Special education programs: program and fiscal audits

3 ~~A. The department of education shall by December 1, 1981 and every two~~  
4 ~~years thereafter complete a cost study of special education programs. Such~~  
5 ~~study shall include, but is not limited to, the cost of providing special~~  
6 ~~education programs to pupils prescribed by section 15-761.~~

7 ~~B.~~ A. The department of education shall conduct program and fiscal  
8 audits of selected district special education programs. The audits shall be  
9 designed to determine the degree of compliance with existing statutes and  
10 regulations and the appropriate placement of students in special education  
11 programs. A report of the findings of such audits shall be completed on or  
12 before January 3 of each year. If the department of education determines  
13 that a child has been inappropriately placed in a special education program  
14 of a school district, the district's weighted student count for educational  
15 support services for students in group B as provided in section 15-943 shall  
16 be recomputed and the district's entitlement to state aid adjusted  
17 accordingly.

18 ~~C.~~ B. For each fiscal year the department of education shall request  
19 a separate line item appropriation for program and fiscal audits of special  
20 education programs in the budget estimate submitted pursuant to section  
21 35-113.

22 Sec. 4. Repeal

23 Section 15-249, Arizona Revised Statutes, is repealed.

24 Sec. 5. Title 15, chapter 2, article 2, Arizona Revised Statutes, is  
25 amended by adding a new section 15-249, to read:

26 15-249. Department of education: education learning and  
27 accountability system: reports: reviews

28 A. SUBJECT TO APPROPRIATION OF STATE MONIES, OR RECEIPT OF FEDERAL  
29 MONIES, PRIVATE DONATIONS OR GRANTS FROM ANY LAWFUL PUBLIC OR PRIVATE SOURCE  
30 FOR THIS PURPOSE, THE DEPARTMENT OF EDUCATION, IN COORDINATION WITH THE DATA  
31 GOVERNANCE COMMISSION ESTABLISHED BY SECTION 15-249.01, SHALL DEVELOP AND  
32 IMPLEMENT THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM TO COLLECT,  
33 COMPILE, MAINTAIN AND REPORT STUDENT LEVEL DATA FOR STUDENTS ATTENDING PUBLIC  
34 EDUCATIONAL INSTITUTIONS THAT PROVIDE INSTRUCTION TO PUPILS IN PRESCHOOL  
35 PROGRAMS, KINDERGARTEN PROGRAMS, GRADES ONE THROUGH TWELVE AND POSTSECONDARY  
36 EDUCATIONAL PROGRAMS IN THIS STATE.

37 B. THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM SHALL:

38 1. MAINTAIN LONGITUDINAL, STUDENT LEVEL DATA, INCLUDING STUDENT  
39 DEMOGRAPHIC, GRADE LEVEL, ASSESSMENT, TEACHER ASSIGNMENT AND OTHER DATA  
40 REQUIRED TO MEET STATE AND FEDERAL REPORTING REQUIREMENTS.

41 2. INCORPORATE THE STUDENT ACCOUNTABILITY INFORMATION SYSTEM  
42 PRESCRIBED IN CHAPTER 9, ARTICLE 8 OF THIS TITLE.

43 3. BE ACCESSIBLE THROUGH COMMONLY USED INTERNET WEB BROWSERS TO CARRY  
44 OUT THE DATA COLLECTION, COMPILED AND REPORTING DUTIES PRESCRIBED IN THIS  
45 TITLE.

1       C. THE DEPARTMENT OF EDUCATION MAY CONTRACT WITH A THIRD PARTY TO  
2 CARRY OUT THE PURPOSES OF THIS SECTION.

3       D. THE DEPARTMENT OF EDUCATION, IN COORDINATION WITH THE DATA  
4 GOVERNANCE COMMISSION, SHALL DEVELOP A DETAILED PLAN TO DEVELOP AND IMPLEMENT  
5 THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM.

6       E. THE DEPARTMENT OF EDUCATION SHALL PRESENT THE PLAN DEVELOPED  
7 PURSUANT TO SUBSECTION D OF THIS SECTION TO THE STATE BOARD OF EDUCATION FOR  
8 REVIEW AND APPROVAL. THE DEPARTMENT OF EDUCATION SHALL CONTINUE TO PROVIDE  
9 QUARTERLY REPORTS TO THE STATE BOARD OF EDUCATION, OR ON REQUEST, FOR REVIEW  
10 AND APPROVAL OF THE STATE BOARD OF EDUCATION, ON THE DEVELOPMENT AND  
11 IMPLEMENTATION OF THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM. ALL  
12 REPORTS PROVIDED SHALL INCLUDE PROGRESS AND EXPENDITURES TO DATE, TIMELINES  
13 AND COST ESTIMATES FOR COMPLETION.

14       F. ANY CONTRACT AWARDED PURSUANT TO SUBSECTION C OF THIS SECTION SHALL  
15 ALLOW THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO RENEW THE CONTRACTS FOR TWO  
16 SUBSEQUENT PERIODS OF NOT MORE THAN THREE YEARS EACH AND SHALL PRESCRIBE THE  
17 CIRCUMSTANCES UNDER WHICH THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY  
18 TERMINATE THE CONTRACTS. THE CONTRACTS SHALL ALLOW THIS STATE TO CANCEL ANY  
19 CONTRACT AT ANY TIME AFTER THE FIRST YEAR OF OPERATION, WITHOUT PENALTY TO  
20 THIS STATE, ON NINETY DAYS' WRITTEN NOTICE AND SHALL REQUIRE THE CONTRACTOR  
21 TO BE IN COMPLIANCE AT ALL TIMES WITH STATE AND FEDERAL LAW.

22       G. ANY CONTRACT AWARDED PURSUANT TO SUBSECTION C OF THIS SECTION MAY  
23 PROVIDE FOR ANNUAL CONTRACT PRICE OR COST ADJUSTMENTS, EXCEPT THAT ANY  
24 ADJUSTMENTS MAY BE MADE ONLY ONCE EACH YEAR EFFECTIVE ON THE ANNIVERSARY OF  
25 THE CONTRACT'S EFFECTIVE DATE. ANY ADJUSTMENT MADE PURSUANT TO THE TERMS OF  
26 THE CONTRACT MUST BE APPLIED TO THE TOTAL PAYMENTS MADE TO THE CONTRACTOR FOR  
27 THE PREVIOUS CONTRACT YEAR AND SHALL NOT EXCEED THE PERCENTAGE CHANGE IN THE  
28 AVERAGE CONSUMER PRICE INDEX AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF  
29 LABOR, BUREAU OF LABOR STATISTICS BETWEEN THAT FIGURE FOR THE LATEST CALENDAR  
30 YEAR AND THE NEXT PREVIOUS CALENDAR YEAR. ANY PRICE OR COST ADJUSTMENTS THAT  
31 ARE DIFFERENT THAN THOSE AUTHORIZED IN THIS SUBSECTION MAY BE MADE ONLY IF  
32 THE LEGISLATURE SPECIFICALLY AUTHORIZES THE ADJUSTMENTS AND APPROPRIATES  
33 MONIES FOR THAT PURPOSE, IF REQUIRED.

34       H. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL NOT AWARD A CONTRACT  
35 PURSUANT TO THIS SECTION UNLESS:

36       1. THE SUPERINTENDENT OF PUBLIC INSTRUCTION RECEIVES AN ACCEPTABLE  
37 PROPOSAL PURSUANT TO ANY REQUEST FOR PROPOSALS. FOR THE PURPOSES OF THIS  
38 PARAGRAPH, "ACCEPTABLE PROPOSAL" MEANS A PROPOSAL THAT SUBSTANTIALLY MEETS  
39 ALL OF THE REQUIREMENTS OR CONDITIONS PRESCRIBED IN THIS SECTION AND IN THE  
40 REQUEST FOR PROPOSALS.

41       2. THE PROPOSAL OFFERS A LEVEL AND QUALITY OF SERVICES THAT EQUAL OR  
42 EXCEED THE SERVICES THAT WOULD BE PROVIDED BY THIS STATE.

43       3. THE CONTRACTOR PROVIDES AUDITED FINANCIAL STATEMENTS FOR THE  
44 PREVIOUS FIVE YEARS, OR FOR EACH YEAR THAT THE CONTRACTOR HAS BEEN IN  
45 OPERATION IF FEWER THAN FIVE YEARS, AND PROVIDES OTHER FINANCIAL INFORMATION  
46 AS REQUESTED.

I. THE SOVEREIGN IMMUNITY OF THIS STATE DOES NOT APPLY TO ANY CONTRACTOR WHO IS A PARTY TO ANY CONTRACT PURSUANT TO THIS SECTION. THE CONTRACTOR OR ANY AGENT OF THE CONTRACTOR MAY NOT PLEAD THE DEFENSE OF SOVEREIGN IMMUNITY IN ANY ACTION ARISING OUT OF THE PERFORMANCE OF THE CONTRACT.

J. THE TERMS OF ANY CONTRACT PURSUANT TO THIS SECTION ARE SUBJECT TO REVIEW BY THE JOINT LEGISLATIVE BUDGET COMMITTEE BEFORE PLACEMENT OF ANY ADVERTISEMENT THAT SOLICITS A RESPONSE TO A REQUEST FOR PROPOSALS. ANY PROPOSED MODIFICATION OR AMENDMENT TO THE CONTRACT IS SUBJECT TO PRIOR REVIEW BY THE JOINT LEGISLATIVE BUDGET COMMITTEE.

K. DURING THE FIRST YEAR OF OPERATION UNDER A CONTRACT EXECUTED PURSUANT TO THIS SECTION, THE CONTRACTING ENTITY SHALL SUBMIT MONTHLY REPORTS TO THE DEPARTMENT OF EDUCATION AS PRESCRIBED BY THE DEPARTMENT. AFTER THE FIRST YEAR OF OPERATION UNDER THE CONTRACT, THE CONTRACTING ENTITY SHALL SUBMIT QUARTERLY REPORTS TO THE DEPARTMENT AS PRESCRIBED BY THE DEPARTMENT.

L. AT THE END OF THE SECOND YEAR OF A CONTRACT EXECUTED PURSUANT TO THIS SECTION, AN INDEPENDENT EVALUATOR SELECTED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL CONDUCT AND COMPLETE A PERFORMANCE REVIEW TO DETERMINE IF THE CONTRACTING ENTITY HAS MET THE GOALS SPECIFIED IN THE CONTRACT. THE INDEPENDENT EVALUATOR SHALL SUBMIT A REPORT OF THE INDEPENDENT EVALUATOR'S FINDINGS TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES ON OR BEFORE MAY 1, AND SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE.

Sec. 6. Title 15, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 15-249.02, to read:

## 15-249.02. Education learning and accountability fund: appropriation

THE EDUCATION LEARNING AND ACCOUNTABILITY FUND IS ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS AND FEES COLLECTED FROM UNIVERSITIES AND COMMUNITY COLLEGE DISTRICTS IN SUPPORT OF THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM FOR PUBLIC EDUCATION. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPsing OF APPROPRIATIONS. ALL MONIES DEPOSITED IN THE FUND FOR FISCAL YEAR 2011-2012 ARE APPROPRIATED FOR USE IN FISCAL YEAR 2011-2012 AND FISCAL YEAR 2012-2013. MONIES IN THE FUND MAY ONLY BE USED FOR THE PURPOSES PRESCRIBED IN SECTION 15-249 AND ARE SUBJECT TO THE REQUIREMENTS FOR REVIEW BY THE JOINT LEGISLATIVE BUDGET COMMITTEE PRESCRIBED IN THAT SECTION.

1                   Sec. 7. Section 15-393, Arizona Revised Statutes, as amended by Laws  
2 2010, chapter 285, section 1 and chapter 306, section 3, is amended to read:

15-393. Joint technical education district governing board: report: definition

5           A. The management and control of the joint district are vested in the  
6 joint technical education district governing board, including the content and  
7 quality of the courses offered by the district, the quality of teachers who  
8 provide instruction on behalf of the district, the salaries of teachers who  
9 provide instruction on behalf of the district and the reimbursement of other  
10 entities for the facilities used by the district. Unless the governing  
11 boards of the school districts participating in the formation of the joint  
12 district vote to implement an alternative election system as provided in  
13 subsection B of this section, the joint board shall consist of five members  
14 elected from five single member districts formed within the joint district.  
15 The single member district election system shall be submitted as part of the  
16 plan for the joint district pursuant to section 15-392 and shall be  
17 established in the plan as follows:

18       1. The governing boards of the school districts participating in the  
19 formation of the joint district shall define the boundaries of the single  
20 member districts so that the single member districts are as nearly equal in  
21 population as is practicable, except that if the joint district lies in part  
22 in each of two or more counties, at least one single member district may be  
23 entirely within each of the counties comprising the joint district if this  
24 district design is consistent with the obligation to equalize the population  
25 among single member districts.

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

29       3. A person who is a registered voter of this state and who is a  
30 resident of the single member district is eligible for election to the office  
31 of joint board member from the single member district. The terms of office  
32 of the members of the joint board shall be as prescribed in section 15-427,  
33 subsection B. An employee of a joint technical education district or the  
34 spouse of an employee shall not hold membership on a governing board of a  
35 joint technical education district by which the employee is employed. A  
36 member of one school district governing board or joint technical education  
37 district governing board is ineligible to be a candidate for nomination or  
38 election to or serve simultaneously as a member of any other governing board,  
39 except that a member of a governing board may be a candidate for nomination  
40 or election for any other governing board if the member is serving in the  
41 last year of a term of office. A member of a governing board shall resign  
42 the member's seat on the governing board before becoming a candidate for  
43 nomination or election to the governing board of any other school district or  
44 joint technical education district, unless the member of the governing board  
45 is serving in the last year of a term of office.

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

3       B. The governing boards of the school districts participating in the  
4 formation of the joint district may vote to implement any other alternative  
5 election system for the election of joint district board members. If an  
6 alternative election system is selected, it shall be submitted as part of the  
7 plan for the joint district pursuant to section 15-392, and the  
8 implementation of the system shall be as approved by the United States  
9 justice department.

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

12       1. Chapter 1, articles 1 through 6.

13       2. Sections 15-208, 15-210, 15-213 and 15-234.

14       3. Articles 2, 3 and 5 of this chapter.

15       4. Section 15-361.

16       5. Chapter 4, articles 1, 2 and 5.

17       6. Chapter 5, articles 1, 2 and 3.

18       7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729  
19 and 15-730.

20       8. Chapter 7, article 5.

21       9. Chapter 8, articles 1, 3 and 4.

22       10. Sections 15-828 and 15-829.

23       11. Chapter 9, article 1, article 6, except for section 15-995, and  
24 article 7.

25       12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.

26       13. Sections 15-1101 and 15-1104.

27       14. Chapter 10, articles 2, 3, 4 and 8.

28       D. Notwithstanding subsection C of this section, the following apply  
29 to a joint technical education district:

30       1. A joint district may issue bonds for the purposes specified in  
31 section 15-1021 and in chapter 4, article 5 of this title to an amount in the  
32 aggregate, including the existing indebtedness, not exceeding one per cent of  
33 the taxable property used for secondary tax purposes, as determined pursuant  
34 to title 42, chapter 15, article 1, within the joint technical education  
35 district as ascertained by the last property tax assessment previous to  
36 issuing the bonds.

37       2. The number of governing board members for a joint district shall be  
38 as prescribed in subsection A of this section.

39       3. If a career and technical education and vocational education course  
40 or program provided pursuant to this article is provided in a facility owned  
41 or operated by a school district in which a pupil is enrolled, including  
42 satellite courses, the sum of the daily attendance, as provided in section  
43 15-901, subsection A, paragraph ~~6~~ 5, for that pupil in both the school  
44 district and joint technical education district shall not exceed 1.25 and the  
45 sum of the fractional student enrollment, as provided in section 15-901,  
46 subsection A, paragraph ~~2~~ 1, subdivision (a), shall not exceed 1.25 for the

1 courses taken in the school district and the facility, including satellite  
2 courses. The school district and the joint district shall determine the  
3 apportionment of the daily attendance and fractional student enrollment for  
4 that pupil between the school district and the joint district. Pupils in an  
5 approved joint technical education district satellite program may generate an  
6 average daily attendance for attendance hours during any hour of the day,  
7 during any day of the week and at any time beginning July 1 through June 30  
8 of each fiscal year.

9       4. The student count for the first year of operation of a joint  
10 technical education district as provided in this article shall be determined  
11 as follows:

12       (a) Determine the estimated student count for joint district classes  
13 that will operate in the first year of operation. This estimate shall be  
14 based on actual registration of pupils as of March 30 scheduled to attend  
15 classes that will be operated by the joint district. The student count for  
16 the district of residence of the pupils registered at the joint district  
17 shall be adjusted. The adjustment shall cause the district of residence to  
18 reduce the student count for the pupil to reflect the courses to be taken at  
19 the joint district. The district of residence shall review and approve the  
20 adjustment of its own student count as provided in this subdivision before  
21 the pupils from the school district can be added to the student count of the  
22 joint district.

23       (b) The student count for the new joint district shall be the student  
24 count as determined in subdivision (a) of this paragraph.

25       (c) After the first one hundred days or two hundred days in session,  
26 as applicable, for the first year of operation, the joint district shall  
27 revise the student count to the actual student count for students attending  
28 classes in the joint district. A joint district shall revise its student  
29 count, the base support level as provided in section 15-943.02, the revenue  
30 control limit as provided in section 15-944.01, the capital outlay revenue  
31 limit and the soft capital allocation as provided in section 15-962.01 prior  
32 to May 15. A joint district that overestimated its student count shall  
33 revise its budget prior to May 15. A joint district that underestimated its  
34 student count may revise its budget prior to May 15.

35       (d) After the first one hundred days or two hundred days in session,  
36 as applicable, for the first year of operation, the district of residence  
37 shall adjust its student count by reducing it to reflect the courses actually  
38 taken at the joint district. The district of residence shall revise its  
39 student count, the base support level as provided in section 15-943, the  
40 revenue control limit as provided in section 15-944, the capital outlay  
41 revenue limit as provided in section 15-961 and the soft capital allocation  
42 as provided in section 15-962 prior to May 15. A district that  
43 underestimated the student count for students attending the joint district  
44 shall revise its budget prior to May 15. A district that overestimated the  
45 student count for students attending the joint district may revise its budget  
46 prior to May 15.

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

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

(g) Pupils in an approved joint technical education district centralized program may generate an average daily attendance of 1.0 for attendance hours during any hour of the day, during any day of the week and at any time between July 1 and June 30 of each fiscal year.

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

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

(a) A student in a kindergarten program or in grades one through ~~eight~~  
~~NINE~~ who enrolls in courses offered by the joint technical education district  
shall not be included in the joint district's ~~average daily attendance or~~  
~~STUDENT COUNT OR~~ average daily membership.

(b) A student in a kindergarten program or in grades one through **eight** **NINE** who is enrolled in vocational education courses shall not be funded in whole or in part with monies provided by a joint technical education district.

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

(d) A student in grade nine who enrolls in a career exploration course shall not be included in the joint district's average daily attendance or average daily membership.

6. A joint district may operate for more than one hundred seventy-five days per year, with expanded hours of service.

7. A joint district may use the excess utility costs provisions of section 15-910 in the same manner as a school district for fiscal years 1999-2000 and 2000-2001, except that the base year shall be the first full fiscal year of operations.

8. A joint district may use the carryforward provisions of section 15-943.01 retroactively to July 1, 1993.

9. A school district that is part of a joint district shall use any monies received pursuant to this article to supplement and not supplant base year career and technical education and vocational education courses, and directly related equipment and facilities, except that a school district that is part of a joint technical education district and that has used monies received pursuant to this article to supplant career and ~~technological~~ TECHNICAL education and vocational education courses that were offered before

1 the first year that the school district participated in the joint district or  
2 the first year that the school district used monies received pursuant to this  
3 article or that used the monies for purposes other than for career and  
4 ~~technological~~ TECHNICAL education and vocational education courses shall use  
5 one hundred per cent of the monies received pursuant to this article to  
6 supplement and not supplant base year career and technical education and  
7 vocational education courses.

8 10. A joint technical education district shall use any monies received  
9 pursuant to this article to enhance and not supplant career and technical  
10 education and vocational education courses and directly related equipment and  
11 facilities.

12 11. A joint technical education district or a school district that is  
13 part of a joint district shall only include pupils in grades ~~nine~~ TEN through  
14 twelve in the calculation of STUDENT COUNT OR average daily membership ~~or~~  
15 ~~average daily attendance~~ if the pupils are enrolled in courses that are  
16 approved jointly by the governing board of the joint technical education  
17 district and each participating school district for satellite courses taught  
18 within the participating school district, or approved solely by the joint  
19 technical education district for centrally located courses. STUDENT COUNT  
20 AND average daily membership ~~and average daily attendance~~ from courses that  
21 are not part of an approved program for career and technical education shall  
22 not be included in STUDENT COUNT AND average daily membership ~~and average~~  
23 ~~daily attendance~~ of a joint technical education district. ~~A student in grade~~  
24 ~~nine who enrolls in a career exploration course shall not be included in the~~  
25 ~~joint district's average daily attendance or average daily membership.~~

26 E. The joint board shall appoint a superintendent as the executive  
27 officer of the joint district.

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

35 G. The schools in the joint district are available to all persons who  
36 reside in the joint district subject to the rules for admission prescribed by  
37 the joint board.

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

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

45 J. One member of the joint board shall be selected chairman. The  
46 chairman shall be selected annually on a rotation basis from among the

1 participating school districts. The chairman of the joint board shall be a  
2 voting member.

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

6 L. Any agreement between the governing board of a joint technical  
7 education district and another joint technical education district, a school  
8 district, a charter school or a community college district shall be in the  
9 form of an intergovernmental agreement or other written contract. The  
10 auditor general shall modify the uniform system of financial records and  
11 budget forms in accordance with this subsection. The intergovernmental  
12 agreement or other written contract shall completely and accurately specify  
13 each of the following:

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

16 2. The accountability provisions of the intergovernmental agreement or  
17 other written contract.

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

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

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

26 6. The transportation services that will be provided under the  
27 intergovernmental agreement or other written contract and the manner in which  
28 transportation costs will be paid.

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

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

35 9. That the payment for services shall not exceed the cost of the  
36 services provided.

37 10. That any initial intergovernmental agreement or other written  
38 contract and any addendums between the governing board of a joint technical  
39 education district and another joint technical education district, a school  
40 district, a charter school or a community college district be submitted by  
41 the joint technical education district to the joint legislative budget  
42 committee for review.

43 M. On or before December 31 of each year, each joint technical  
44 education district shall submit a detailed report to the career and technical  
45 education division of the department of education. The career and technical  
46 education division of the department of education shall collect, summarize

1 and analyze the data submitted by the joint districts, shall submit an annual  
2 report that summarizes the data submitted by the joint districts to the  
3 governor, the speaker of the house of representatives, the president of the  
4 senate and the state board of education and shall submit a copy of this  
5 report to the secretary of state. The data submitted by each joint technical  
6 education district shall include the following:

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

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

10 3. The costs associated with each program offered by the joint  
11 district.

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

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

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

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

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

24 N. If the career and technical education division of the department of  
25 education determines that a course does not meet the criteria for approval as  
26 a joint technical education course, the governing board of the joint  
27 technical education district may appeal this decision to the state board of  
28 education acting as the state board of vocational education.

29 O. Notwithstanding any other law, the average daily membership of a  
30 pupil **IN GRADE TEN, ELEVEN OR TWELVE** who is enrolled in a course that meets  
31 for at least one hundred fifty minutes per class period at a centralized  
32 campus owned and operated by a joint technical education district shall be  
33 0.75. The sum of daily attendance, as provided in section 15-901, subsection  
34 A, paragraph 6 and the sum of the fractional student enrollment, as provided  
35 in section 15-901, subsection A, paragraph 2, subdivision (a), for that pupil  
36 in both the member school district and joint technical education district  
37 courses provided at a community college pursuant to subsection K of this  
38 section or at a facility owned and operated by a joint technical education  
39 district that is not located on a site of a member district shall not exceed  
40 1.75. The member school district and the joint district shall determine the  
41 apportionment of the daily attendance and student enrollment for that pupil  
42 between the member school district and the joint district, except the amount  
43 apportioned shall not exceed 1.0 for either entity.

44 P. For the purposes of this section, "base year" means the complete  
45 school year in which voters of a school district elected to join a joint  
46 technical education district.

1        Sec. 8. Repeal

2        Section 15-393, Arizona Revised Statutes, as amended by Laws 2010,  
3 chapter 318, section 5, is repealed.

4        Sec. 9. Section 15-824, Arizona Revised Statutes, is amended to read:

5        15-824. Admission of pupils of other school districts: homeless  
6                        children: tuition charges: definitions

7        A. The governing board of a school district shall admit pupils from  
8 another school district or area as follows:

9            1. Upon the presentation of a certificate of educational convenience  
10 issued by the county school superintendent pursuant to section 15-825.

11           2. For three hundred fifty or fewer pupils, to a high school without  
12 the presentation of such certificate, if the pupil is a resident of a common  
13 school district within this state that is not within a high school district  
14 and that does not offer instruction in the pupil's grade. The three hundred  
15 fifty or fewer pupil limitation prescribed in this paragraph does not apply  
16 to a small isolated school district as defined in section 15-901. Tuition  
17 shall be charged as prescribed in subsection E of this section for each pupil  
18 admitted pursuant to this paragraph, each pupil from a school district that  
19 provides only financing for pupils who are instructed by another school  
20 district and each pupil from a unified district that does not offer  
21 instruction in the pupil's grade. The school membership of such pupils is  
22 deemed, for the purpose of determining student count and for apportionment of  
23 state aid, to be enrollment in the school district of the pupil's residence.

24           B. The residence of the person having legal custody of the pupil is  
25 considered the residence of the pupil, except as provided in subsection C of  
26 this section and in section 15-825, subsection B.

27           C. The current residence of a homeless pupil who does not reside with  
28 the person having legal custody of the pupil is considered to be the  
29 residence of the homeless pupil if the person having legal custody of the  
30 pupil is a resident of the United States. For the purposes of this  
31 subsection, "homeless pupil" means a pupil who has a primary residence that  
32 is:

33            1. A supervised publicly or privately operated shelter designed to  
34 provide temporary living accommodations.

35            2. An institution that provides a temporary residence for individuals  
36 intended to be institutionalized.

37            3. A public or private place not designed for, or ordinarily used as,  
38 a regular sleeping accommodation for human beings.

39           D. The school enrollment of a pupil who is a resident of this state or  
40 who is admitted to a school district under section 15-823, subsection B, C or  
41 E is deemed, for the purpose of determining student count and for  
42 apportionment of state aid, to be enrollment in the school district of actual  
43 attendance, except as provided in section 15-825, subsection A, paragraph 1  
44 and subsection A, paragraph 2 of this section and except for pupils for whom  
45 the superintendent of public instruction is charged tuition pursuant to  
46 section 15-825, subsections B and D and section 15-976 or for whom another

1 school district is charged tuition as provided in subsections E and G of this  
2 section.

3 E. If tuition is required to be charged for pupils attending school in  
4 a school district other than that of their residence, the tuition shall be  
5 determined and paid in the following manner:

6 1. The number of high school pupils for which tuition may be charged  
7 to a common school district that is not within a high school district is  
8 equal to the average daily membership in the district of attendance from the  
9 common school district for the prior fiscal year, except that for the first  
10 year in which a common school district not within a high school district  
11 stops teaching high school subjects, the district of attendance may charge  
12 tuition for the number of pupils which is equal to the average daily  
13 membership for high school pupils in the common school district for the prior  
14 fiscal year. This number may be adjusted if the common school district  
15 increases its revenue control limit and district support level or recomputes  
16 its revenue control limit as provided in section 15-948.

17 2. The tuition for pupils attending school in a school district other  
18 than that of their residence, except pupils provided for by section 15-825,  
19 subsections B and D and any pupils included in the definition of child with a  
20 disability in section 15-761, shall not exceed the cost per student count of  
21 the school district attended, as determined for the current school year.  
22 Tuition for pupils included in the definition of child with a disability in  
23 section 15-761 shall not exceed the actual cost of the school attended for  
24 each pupil as determined for the current year. The school district of  
25 attendance shall not include in the cost per student count a charge for  
26 transportation if no transportation is provided, and the charge for  
27 transportation shall not exceed the actual costs of providing transportation  
28 for the pupils served, as prescribed in the uniform system of financial  
29 records. The school district of attendance shall provide the school district  
30 of residence with the final tuition charge for the current year and with an  
31 estimate of the budget year's tuition charge by May 1 of the current year.  
32 The school district of residence shall pay at least one-fourth of the total  
33 amount of the estimated tuition by September 30, December 31 and March 31,  
34 and it shall pay the remaining amount it owes after adjustments are made by  
35 June 30.

36 3. Notwithstanding paragraph 2 of this subsection and subsection G of  
37 this section, if two school districts enter into a voluntary agreement for  
38 the payment of tuition, the agreement shall specify the method for computing  
39 the tuition amount and the timing of the payments. The agreement shall not  
40 be longer than five consecutive years. If two school districts enter into an  
41 agreement and choose to renew the agreement, each renewal shall not be longer  
42 than five consecutive years. The agreement shall specify that a parent or  
43 legal guardian of a pupil affected by a tuition agreement entered pursuant to  
44 this section or section 15-816.01 may choose not to send ~~their~~ THE pupil or  
45 pupils to a school district or school that is a party to the agreement.

1       4. Tuition of pupils as provided in section 15-825, subsection D shall  
2 not exceed the excess costs for group B children with disabilities ~~in the~~  
3 ~~cost study prescribed in section 15-236~~ minus the amount generated by the  
4 equalization base as determined in section 15-971, subsection A for these  
5 pupils. A school district may submit to the superintendent of public  
6 instruction a record of actual excess costs to educate a group B child with a  
7 disability if the costs are higher than the calculated excess costs or if a  
8 pupil has been placed in a private school for special education services.  
9 The superintendent shall determine if the additional costs will be paid, and  
10 if the costs are paid, whether the additional costs will be paid by the state  
11 or the resident district.

12      5. The amount received representing contributions to capital outlay as  
13 provided in subsection G, paragraph 1, subdivision (b) of this section shall  
14 be applied to the capital outlay fund or the debt service fund of the school  
15 district.

16      6. The amount received representing contributions to debt service as  
17 provided in subsection G, paragraph 1, subdivisions (c) and (d) of this  
18 section shall be applied to the debt service fund of the school district if  
19 there is one. Otherwise such amount shall be credited to the capital outlay  
20 fund of the school district.

21      F. A school district may submit to the superintendent of public  
22 instruction a record of actual costs paid by the school district to educate a  
23 pupil who qualifies for a certificate of educational convenience under  
24 section 15-825, subsection B. If the actual costs for that pupil exceed the  
25 costs per student count computed pursuant to subsection G of this section,  
26 the superintendent of public instruction shall reimburse the school district  
27 for these additional costs subject to legislative appropriation.

28      G. For the purposes of this section:

29       1. "Costs per student count" means the sum of the following for the  
30 common or high school portion of the school district attended, whichever is  
31 applicable to the pupil involved, as prescribed in the uniform system of  
32 financial records:

33       (a) The actual school district expenditures for the regular education  
34 program subsection of the maintenance and operation section of the budget  
35 divided by the school district's student count for the common or high school  
36 portion of the school district, whichever is applicable.

37       (b) The actual school district expenditures for the capital outlay  
38 section of the budget as provided in sections 15-903 and 15-905 excluding  
39 expenditures for transportation equipment and buildings if no transportation  
40 is provided and expenditures for the acquisition of building sites, divided  
41 by the school district's student count for the common or high school portion  
42 of the school district, whichever is applicable.

43       (c) The actual school district expenditures for debt service divided  
44 by the school district's student count for the common or high school portion  
45 of the school district, whichever is applicable.

(ii) Eight hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty, pupils to other school districts or two hundred dollars if the state pays tuition for one thousand or fewer, but more than seven hundred fifty, pupils to a school district pursuant to section 15-825, subsection D or section 15-976.

(iii) The actual cost per student count if either the pupil's school district of residence or the state pays tuition for more than one thousand pupils to other school districts.

17 2. "Legal custody" means:

18 (a) Custody exercised by the natural or adoptive parents with whom a  
19 pupil resides.

20 (b) Custody granted by order of a court of competent jurisdiction to a  
21 person or persons with whom a pupil resides unless the primary purpose for  
22 which custody was requested was to circumvent the payment of tuition as  
23 provided in this section.

24 Sec. 10. Section 15-901, Arizona Revised Statutes, as amended by Laws  
25 2010, seventh special session, chapter 8, section 2 and Laws 2010, second  
26 regular session, chapter 220, section 2, chapter 306, section 6 and chapter  
27 332, section 15, is amended to read:

## 15-901. Definitions

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

30 1. "Average daily attendance" or "ADA" means actual average daily  
31 attendance through the first one hundred days or two hundred days in session,  
32 as applicable.

33       2. 1. "Average daily membership" means the total enrollment of  
34 fractional students and full-time students, minus withdrawals, ~~of each school~~  
35 ~~day through the first one hundred days or two hundred days in session, as~~  
36 ~~applicable, for the current year~~ WHO ARE ENROLLED ON SEPTEMBER 15, NOVEMBER  
37 15, JANUARY 15 AND MARCH 15, DIVIDED BY FOUR. Withdrawals include students  
38 formally withdrawn from schools and students absent for ten consecutive  
39 school days, except for excused absences ~~as~~ identified by the department of  
40 education. FOR THE PURPOSES OF THIS SECTION, SCHOOL DISTRICTS AND CHARTER  
41 SCHOOLS SHALL REPORT STUDENT ABSENCE DATA TO THE DEPARTMENT OF EDUCATION AT  
42 LEAST ONCE EVERY SIXTY DAYS IN SESSION. For computation purposes, the  
43 effective date of withdrawal shall be retroactive to the last day of actual  
44 attendance of the student OR EXCUSED ABSENCE.

45 (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 FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION. 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.~~ THE AVERAGE DAILY MEMBERSHIP OF A PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.75 IF THE STUDENT IS ENROLLED IN AN INSTRUCTIONAL PROGRAM OF THREE SUBJECTS THAT MEET AT LEAST FIVE HUNDRED EIGHTY HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.5 IF THE STUDENT IS ENROLLED IN AN INSTRUCTIONAL PROGRAM OF TWO SUBJECTS THAT MEET AT LEAST THREE HUNDRED SIXTY HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.25 IF THE STUDENT IS ENROLLED IN AN INSTRUCTIONAL PROGRAM OF ONE SUBJECT THAT MEETS AT LEAST ONE HUNDRED EIGHTY HOURS FOR A ONE

1 HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS  
2 SECTION.

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

4 (i) For common schools, a student who is at least six years of age  
5 prior to January 1 of a school year, who has not graduated from the highest  
6 grade taught in the school district and who is regularly enrolled in a course  
7 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, SEVEN HUNDRED TWELVE HOURS FOR A ONE HUNDRED  
EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS  
SECTION. 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, LEAST EIGHT HUNDRED NINETY HOURS FOR A ONE  
HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS  
SECTION. 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 years 2005-2006 through 2009-2010, the program shall meet  
at least one thousand sixty-eight hours. In fiscal year 2010-2011 and each  
fiscal year thereafter, the program shall meet at least one thousand hours.~~

1      Lunch periods and recess periods may not be included as part of the  
2      instructional hours unless the student is a child with a disability and the  
3      child's individualized education program requires instruction during those  
4      periods and the specific reasons for such instruction are fully documented.

5                (ii) For high schools, except as provided in section 15-105, a student  
6      not graduated from the highest grade taught in the school district, or an  
7      ungraded student at least fourteen years of age by September 1, and enrolled  
8      in at least ~~a full time~~ AN instructional program of **FOUR OR MORE** subjects  
9      that count toward graduation as defined by the state board of education, **THAT**  
10     **MEETS FOR A TOTAL OF AT LEAST SEVEN HUNDRED TWENTY HOURS FOR A ONE HUNDRED**  
11     **EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION**  
12     in a recognized high school. A full-time student shall not be counted more  
13     than once for computation of average daily membership. **THE AVERAGE DAILY**  
14     **MEMBERSHIP OF A FULL-TIME HIGH SCHOOL STUDENT SHALL BE 1.0 IF THE STUDENT IS**  
15     **ENROLLED IN AT LEAST FOUR SUBJECTS THAT MEET AT LEAST SEVEN HUNDRED TWENTY**  
16     **HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE EQUIVALENT**  
17     **INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION.**

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

21                (iv) Except as otherwise provided by law, for any student who is  
22      concurrently enrolled in a school district and a charter school, the average  
23      daily membership shall be apportioned between the school district and the  
24      charter school and shall not exceed 1.0. The apportionment shall be based on  
25      the percentage of total time that the student is enrolled in or in attendance  
26      at the school district and the charter school.

27                (v) Except as otherwise provided by law, for any student who is  
28      concurrently enrolled, pursuant to section 15-808, in a school district and  
29      Arizona online instruction or a charter school and Arizona online  
30      instruction, the average daily membership shall be apportioned between the  
31      school district and Arizona online instruction or the charter school and  
32      Arizona online instruction and shall not exceed 1.0. The apportionment shall  
33      be based on the percentage of total time that the student is enrolled in or  
34      in attendance at the school district and Arizona online instruction or the  
35      charter school and Arizona online instruction.

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

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

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

45                (ii) ~~For fiscal year 2001-2002, an instructional program that meets at~~  
46     ~~least a total of seven hundred four hours during the minimum number of days~~

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

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

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

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

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

37 3. 2. "Budget year" means the fiscal year for which the school  
38 district is budgeting and which immediately follows the current year.

39 4. 3. "Common school district" means a political subdivision of this  
40 state offering instruction to students in programs for preschool children  
41 with disabilities and kindergarten programs and either:

42 (a) Grades one through eight.

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

44 5. 4. "Current year" means the fiscal year in which a school district  
45 is operating.

46 6. 5. "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.

(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.

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

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

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

37 (c) For common schools, the attendance of a preschool child with  
38 disabilities shall be counted as one-fourth day's attendance for each  
39 thirty-six minutes of attendance not including lunch periods and recess  
40 periods, except as provided in paragraph 2-1, subdivision (a), item (i) of  
41 this subsection for children with disabilities up to a maximum of three  
42 hundred sixty minutes each week.

43 (d) For high schools or ungraded schools in which the pupil is at  
44 least fourteen years of age by September 1, the attendance of a pupil shall  
45 not be counted as a full day unless the pupil is actually and physically in  
46 attendance and enrolled in and carrying four subjects, each of which, if

1 taught each school day for the minimum number of days required in a school  
2 year, would meet a minimum of one hundred twenty hours a year, or the  
3 equivalent, that count toward graduation in a recognized high school except  
4 as provided in section 15-797 and subdivision (e) of this paragraph.  
5 Attendance of a pupil carrying less than the load prescribed shall be  
6 prorated.

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

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

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

22 7. 6. "Daily route mileage" means the sum of:

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

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

36 8. 7. "District support level" means the base support level plus the  
37 transportation support level.

38 9. 8. "Eligible students" means:

39 (a) Students who are transported by or for a school district and who  
40 qualify as full-time students or fractional students, except students for  
41 whom transportation is paid by another school district or a county school  
42 superintendent, and:

43 (i) For common school students, whose place of actual residence within  
44 the school district is more than one mile from the school facility of  
45 attendance or students who are admitted pursuant to section 15-816.01 and who  
46 meet the economic eligibility requirements established under the national

1 school lunch and child nutrition acts (42 United States Code sections 1751  
2 through 1785) for free or reduced price lunches and whose actual place of  
3 residence outside the school district boundaries is more than one mile from  
4 the school facility of attendance.

5 (ii) For high school students, whose place of actual residence within  
6 the school district is more than one and one-half miles from the school  
7 facility of attendance or students who are admitted pursuant to section  
8 15-816.01 and who meet the economic eligibility requirements established  
9 under the national school lunch and child nutrition acts (42 United States  
10 Code sections 1751 through 1785) for free or reduced price lunches and whose  
11 actual place of residence outside the school district boundaries is more than  
12 one and one-half miles from the school facility of attendance.

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

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

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

25 ~~10.~~ 9. "Enrolled" or "enrollment" means when a pupil is currently  
26 registered in the school district.

27 ~~11.~~ 10. "GDP price deflator" means the average of the four implicit  
28 price deflators for the gross domestic product reported by the United States  
29 department of commerce for the four quarters of the calendar year.

30 ~~12.~~ 11. "High school district" means a political subdivision of this  
31 state offering instruction to students for grades nine through twelve or that  
32 portion of the budget of a common school district which is allocated to  
33 teaching high school subjects with permission of the state board of  
34 education.

35 ~~13.~~ 12. "Revenue control limit" means the base revenue control limit  
36 plus the transportation revenue control limit.

37 ~~14.~~ 13. "Student count" means average daily membership as prescribed  
38 in this subsection for the fiscal year prior to the current year, except that  
39 for the purpose of budget preparation student count means average daily  
40 membership as prescribed in this subsection for the current year.

41 ~~15.~~ 14. "Submit electronically" means submitted in a format and in a  
42 manner prescribed by the department of education.

43 ~~16.~~ 15. "Total bus mileage" means the total number of miles driven by  
44 all buses of a school district during the school year.

45 ~~17.~~ 16. "Total students transported" means all eligible students  
46 transported from their place of residence to a school transportation pickup

1 point or to the school of attendance and from the school of attendance or  
2 from the school transportation scheduled return point to their place of  
3 residence.

4 **18- 17.** "Unified school district" means a political subdivision of the  
5 state offering instruction to students in programs for preschool children  
6 with disabilities and kindergarten programs and grades one through twelve.

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

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

10 2. "Base level" means the following amounts plus the percentage  
11 increases to the base level as provided in sections 15-902.02, 15-918.04,  
12 15-919.04 and 15-952, except that if a school district or charter school is  
13 eligible for an increase in the base level as provided in two or more of  
14 these sections, the base level amount shall be calculated by compounding  
15 rather than adding the sum of one plus the percentage of the increase from  
16 those different sections:

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

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

21 (c) For fiscal years 2009-2010, ~~and~~ 2010-2011 **AND 2011-2012**, three  
22 thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

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

36 7. "ED, MIMR, SLD, SLI and OHI" means programs for children with  
37 emotional disabilities, mild mental retardation, a specific learning  
38 disability, a speech/language impairment and other health impairments. A  
39 preschool child who is categorized as SLI under this paragraph is not  
40 eligible to receive funding pursuant to section 15-943, paragraph 2,  
41 subdivision (b).

42 8. "ED-P" means programs for children with emotional disabilities who  
43 are enrolled in private special education programs as prescribed in section  
44 15-765, subsection D, paragraph 1 or in an intensive school district program  
45 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

12       11. "Group A" means educational programs for career exploration, a  
13 specific learning disability, an emotional disability, mild mental  
14 retardation, remedial education, a speech/language impairment, developmental  
15 delay, homebound, bilingual, other health impairments and gifted pupils.

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

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

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

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

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

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

3       18. "MDSSI" means a program for pupils with multiple disabilities with  
4 severe sensory impairment.

5       19. "MOMR" means programs for pupils with moderate mental retardation.

6       20. "OI-R" means a resource program for pupils with orthopedic  
7 impairments.

8       21. "OI-SC" means a self-contained program for pupils with orthopedic  
9 impairments.

10       22. "PSD" means preschool programs for children with disabilities as  
11 provided in section 15-771.

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

14       24. "Qualifying tax rate" means the qualifying tax rate specified in  
15 section 15-971 applied to the assessed valuation used for primary property  
16 taxes.

17       25. "Small isolated school district" means a school district which  
18 meets all of the following:

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

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

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

28       26. "Small school district" means a school district which meets all of  
29 the following:

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

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

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

37       27. "Transportation revenue control limit" means the transportation  
38 revenue control limit computed as prescribed in section 15-946.

39       28. "Transportation support level" means the support level for pupil  
40 transportation operating expenses as provided in section 15-945.

41       29. "VI" means programs for pupils with visual impairments.

42       30. "Voc. Ed." means career and technical education and vocational  
43 education programs, as defined in section 15-781.

44       Sec. 11. Repeal

45       Section 15-901, Arizona Revised Statutes, as amended by Laws 2010,  
46 chapter 318, section 12, is repealed.

1        Sec. 12. Section 15-910.02, Arizona Revised Statutes, is amended to  
2 read:

3            **15-910.02. Energy and water savings accounts**

4        A. Each school district may establish an energy and water savings  
5 account that consists of a designated pool of capital investment monies to  
6 fund energy or water saving projects in school facilities. A school district  
7 may deposit in the account monies from one or more companies that provide  
8 utility, energy or water services to the school district pursuant to  
9 contracts that are executed between the companies and the school district and  
10 that are designed to save energy or water in school facilities. A school  
11 district may use monies in the energy and water savings account for payments  
12 under a performance contract entered into pursuant to section 15-213 or  
13 15-213.01.

14        B. The auditor general and the department of education shall prescribe  
15 the appropriate designation of the energy and water savings accounts in the  
16 uniform system of financial records and shall prescribe reporting  
17 requirements on the appropriate budget forms and annual financial report  
18 forms.

19        C. Monies deposited in an energy and water savings account shall be  
20 used as a designated pool of capital investment monies to pay for the  
21 incremental cost of energy or water savings measures in school facilities  
22 that are owned or operated by the school district. Any contract entered into  
23 pursuant to this section shall contain an agreement between the qualified  
24 provider or utility, energy or water services company and the school district  
25 that each party has performed a reasonable investigation to determine that  
26 the measures contemplated by the contract will result in stated energy or  
27 water savings. Contract terms may extend the period of the capital  
28 investment repayment schedule prescribed in subsection G of this section up  
29 to the expected life of the energy or water savings measures, or twenty-five  
30 years, whichever is shorter.

31        D. Expenditures from an energy and water savings account shall be used  
32 only for the following:

33            1. Projects or measures pursuant to a contract pursuant to this  
34 section that save energy or water in school facilities that are owned or  
35 operated by the school district. Monies may be used pursuant to this  
36 paragraph to provide technical assistance regarding energy or water savings  
37 to school districts by a qualified provider or a utility, energy or water  
38 services company.

39            2. The repayment to the qualified provider or utility, energy or water  
40 services company of capital investment monies deposited in the account plus  
41 reasonable carrying charges pursuant to the terms of the contract.  
42 Reasonable carrying charges for investor owned utilities will be the most  
43 recent authorized rate of return approved by the Arizona corporation  
44 commission.

45        E. School districts shall procure energy or water savings measures or  
46 services with monies distributed from the energy and water savings accounts.

1       F. Before the implementation of the energy or water savings measures  
2 or services, the qualified provider or utility, energy or water services  
3 company shall compute, and the school district shall review and approve, the  
4 estimated amount of the energy or water savings and the associated impact on  
5 energy or water costs to be achieved by the school district on an annual and  
6 monthly basis over the expected life of the measures and shall include these  
7 estimates in the contract. The qualified provider or utility, energy or  
8 water services company and the school district shall update the annual and  
9 monthly energy or water savings and associated cost impact estimates annually  
10 based on actual experience.

11      G. Before the implementation of the energy or water savings measures  
12 or services, the qualified provider or utility, energy or water services  
13 company and the school district shall jointly develop a schedule of monthly  
14 payments for repayment of the capital investment monies to the qualified  
15 provider or utility, energy or water services company. The repayment  
16 schedule shall result in lower energy or water costs, which shall include the  
17 cost of the installed energy or water savings measures for the school  
18 district over the life of the installed measures that the school district  
19 would have experienced without the installation of the measures. The  
20 repayment schedule shall be included in the contract.

21      H. The school district shall transfer on a monthly basis the amount of  
22 the monthly payment prescribed pursuant to subsection G of this section to  
23 the energy and water savings account from the maintenance and operation  
24 portion of the school district's budget to repay any unpaid balance of the  
25 capital investment previously deposited in the energy and water savings  
26 account from the qualified provider or utility, energy or water services  
27 company plus a reasonable carrying charge. For the period of time that the  
28 company's capital investment monies and reasonable carrying charge remain  
29 unpaid, the qualified provider or utility, energy or water services company  
30 shall provide a separate billing or billing component to repay the capital  
31 investment on a monthly basis, pursuant to the repayment schedule prescribed  
32 pursuant to subsection G of this section, which shall be paid by the school  
33 district from the energy and water savings account. The school district's  
34 general budget limit shall be reduced by the amount of monies transferred to  
35 the energy and water savings account pursuant to this section.

36      I. After the balance of the qualified provider or utility, energy or  
37 water services company's capital investment monies deposited in the energy  
38 and water savings account plus a reasonable carrying charge are repaid in  
39 full by the school district, the school district may discontinue the deposit  
40 in the energy and water savings account of amounts that are prescribed in  
41 subsection H of this section.

42      J. Any monies associated with an energy or water savings project  
43 remaining in the energy and water savings account after the capital  
44 investment monies of the qualified provider or utility, energy or water  
45 services company plus a reasonable carrying charge are repaid in full may be  
46 transferred to the maintenance and operation portion of the school district's

1 budget, and the general budget limit may be increased by the amount  
2 transferred.

3 K. School districts may deposit energy-related rebate or grant monies  
4 in the energy and water savings account to assist in funding energy or water  
5 savings projects. These rebate or grant monies shall be used to reduce the  
6 total cost of energy or water savings projects and to reduce the amount of  
7 capital investment monies received from and repaid to utility, energy or  
8 water services companies. School districts are not required to repay the  
9 rebate or grant monies in the manner described in subsection H of this  
10 section, pursuant to the agreements with the providers of rebate or grant  
11 funds.

12 L. School districts shall not use or deposit any excess utilities  
13 monies budgeted pursuant to section 15-910 ~~or 15-910.04~~ in the energy and  
14 water savings account.

15 M. School districts may deposit monies from other funding sources,  
16 including from clean renewable energy bonds and the American recovery and  
17 reinvestment act of 2009 funding, in the energy and water savings account to  
18 fund energy or water saving projects in school facilities. These monies  
19 shall be repaid in a manner consistent with this section and pursuant to the  
20 contract between the school district and the provider of the funding.

21 N. This section does not impose an obligation on any energy utility,  
22 water utility, public service corporation or agricultural improvement  
23 district to invest monies or contract with any school district.

24 O. For all projects carried out under this section, the district shall  
25 report to the school facilities board:

- 26 1. The name of the project.
- 27 2. The qualified provider.
- 28 3. The total cost of the project.
- 29 4. The expected energy and cost savings.

30 P. For all projects carried out under this section, the district shall  
31 report to the school facilities board, by October 15 each year, the actual  
32 energy and cost savings.

33 Sec. 13. Repeal

34 Section 15-910.04, Arizona Revised Statutes, is repealed.

35 Sec. 14. Delayed repeal

36 Sections 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04, 15-918.05,  
37 15-919, 15-919.02, 15-919.03, 15-919.04, 15-919.05 and 15-919.06, Arizona  
38 Revised Statutes, are repealed from and after June 30, 2015.

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

40 15-943. Base support level

41 The base support level for each school district shall be computed as  
42 follows:

43 1. The following support level weights shall be used in paragraph 2,  
44 subdivision (a) of this section for the following school districts:

45 (a) For school districts whose student count in kindergarten programs  
46 and grades one through eight is classified in column 1 of this subdivision,

1 the support level weight for kindergarten programs and grades one through  
 2 eight is the corresponding support level weight prescribed in column 2 or 3  
 3 of this subdivision, whichever is appropriate:

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

13 (b) For school districts whose student count in grades nine through  
 14 twelve is classified in column 1 of this subdivision, the support level  
 15 weight for grades nine through twelve is the corresponding support level  
 16 weight prescribed in column 2 or 3 of this subdivision, whichever is  
 17 appropriate:

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

27 2. Subject to paragraph 1 of this section, determine the weighted  
 28 student count as follows:

29 (a)

<u>Grade Base</u>	<u>Group A</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
PSD	1.000	$+ 0.450 = 1.450$	$\times \underline{\hspace{2cm}}$	$= \underline{\hspace{2cm}}$
K-8	1.000	$+ 0.158 = 1.158$	$\times \underline{\hspace{2cm}}$	$= \underline{\hspace{2cm}}$
9-12	1.163	$+ 0.105 = 1.268$	$\times \underline{\hspace{2cm}}$	$= \underline{\hspace{2cm}}$
		Subtotal		A $\underline{\hspace{2cm}}$

37 (b)

<u>Funding Category</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
HI	$4.771 \times \underline{\hspace{2cm}}$	$= \underline{\hspace{2cm}}$	$\underline{\hspace{2cm}}$
K-3	$0.060 \times \underline{\hspace{2cm}}$	$= \underline{\hspace{2cm}}$	$\underline{\hspace{2cm}}$
ELL	$0.115 \times \underline{\hspace{2cm}}$	$= \underline{\hspace{2cm}}$	$\underline{\hspace{2cm}}$
MD-R, A-R and			
SMR-R	$6.024 \times \underline{\hspace{2cm}}$	$= \underline{\hspace{2cm}}$	$\underline{\hspace{2cm}}$
MD-SC, A-SC and			

1	SMR-SC	5.833	x	_____	=	_____
2	MD-SSI	7.947	x	_____	=	_____
3	OI-R	3.158	x	_____	=	_____
4	OI-SC	6.773	x	_____	=	_____
5	P-SD	3.595	x	_____	=	_____
6	DD, ED, MIMR, SLD,					
7	SLI and OHI	0.003	x	_____	=	_____
8	ED-P	4.822	x	_____	=	_____
9	MOMR	4.421	x	_____	=	_____
10	VI	4.806	x	_____	=	_____
11				Subtotal	B	_____

12 (c) Total of subtotals A and B: \_\_\_\_\_

13 3. Multiply the total determined in paragraph 2 of this section by the  
14 base level.

15 4. Multiply the teacher experience index of the district or 1.00,  
16 whichever is greater, by the product obtained in paragraph 3 of this section.

17 ~~5. Add the amount determined in section 15-910.04.~~

18 Sec. 16. Section 15-944, Arizona Revised Statutes, is amended to read:

19 **15-944. Base revenue control limit**

20 A. The base revenue control limit for each school district for fiscal  
21 year 1980-1981 is computed as follows:

22 1. Add the amounts in the fiscal year 1979-1980 budget effective May  
23 15, 1980 for general operating and special education.

24 2. Subtract the following budgeted revenues from the sum obtained in  
25 paragraph 1 of this subsection:

26 (a) Tuition paid for attendance of nonresident pupils.

27 (b) State assistance as provided in section 15-976.

28 (c) Special education revenues as provided in section 15-825,  
29 subsection D and section 15-1204.

30 (d) Proceeds from the sale or lease of school property as provided in  
31 section 15-1102.

32 3. Add the increase in the base support level from fiscal year  
33 1979-1980 to fiscal year 1980-1981 to the difference obtained in paragraph 2  
34 of this subsection.

35 B. The equalization factor for each school district is computed as  
36 follows:

37 1. Divide the sum obtained in subsection A, paragraph 3 of this  
38 section by the base support level for fiscal year 1980-1981.

39 2. Subtract 1.0 from the quotient obtained in paragraph 1 of this  
40 subsection to obtain the equalization factor.

41 C. The revenue variation factor for each fiscal year is as follows:

42 1. For fiscal year 1981-1982, 0.80.

43 2. For fiscal year 1982-1983, 0.60.

44 3. For fiscal year 1983-1984, 0.40.

45 4. For fiscal year 1984-1985, 0.20.

1       D. The base revenue control limit for each school district during the  
2 five years in which the equalization plan is in operation is computed as  
3 follows:

4       1. Multiply the equalization factor by the revenue variation factor  
5 for the applicable year. Beginning with fiscal year 1983-1984 if the  
6 resulting product is less than negative 0.08, use negative 0.08 for  
7 computation purposes as provided in paragraph 2 of this subsection.

8       2. Multiply the product obtained in paragraph 1 of this subsection by  
9 the base support level for the applicable year.

10      3. Add the base support level for the applicable year to the product  
11 obtained in paragraph 2 of this subsection.

12      E. For fiscal year 1985-1986 and each fiscal year thereafter, the base  
13 revenue control limit equals the base support level for the same fiscal year  
14 ~~and the amount determined in section 15-910.04.~~

15      Sec. 17. Section 15-945, Arizona Revised Statutes, is amended to read:  
16      15-945. Transportation support level

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

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

21       2. Multiply the figure obtained in paragraph 1 of this subsection by  
22 one hundred eighty.

23       3. Determine the number of eligible students transported in the fiscal  
24 year prior to the current year.

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

28       5. Determine the classification in column 1 of this paragraph for the  
29 quotient determined in paragraph 4 of this subsection. Multiply the product  
30 obtained in paragraph 2 of this subsection by the corresponding state support  
31 level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route	State Support Level per
Mileage per Eligible	Route Mile for
<u>Student Transported</u>	<u>Fiscal Year</u> <u>2010-2011</u> <u>2011-2012</u>
0.5 or less	\$2.35 2.37
More than 0.5 through 1.0	\$1.91 1.93
More than 1.0	\$2.35 2.37

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

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

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

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

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

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

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

25        1. Determine the sum of the following:

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

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

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

42        D. The transportation support level for each school district for the  
 43 current year is the sum of the support level for to and from school as  
 44 determined in subsection A of this section, the support level for academic  
 45 education, career and technical education, vocational education and athletic  
 46 trips as determined in subsection B of this section and the support level for

1 extended school year services for pupils with disabilities as determined in  
2 subsection C of this section.

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

6 Sec. 18. Section 15-947, Arizona Revised Statutes, is amended to read:

7 15-947. Revenue control limit; district support level; general  
8 budget limit; unrestricted total capital budget  
9 limit; soft capital allocation limit

10 A. The revenue control limit for a school district is equal to the sum  
11 of the base revenue control limit determined in section 15-944, ~~the amount~~  
12 ~~determined in section 15-910.04~~ and the transportation revenue control limit  
13 determined in section 15-946.

14 B. The district support level for a school district is equal to the  
15 sum of the base support level determined in section 15-943 and the  
16 transportation support level determined in section 15-945.

17 C. The general budget limit for each school district, for each fiscal  
18 year, is the sum of the following:

19 1. The maintenance and operations portion of the revenue control limit  
20 for the budget year.

21 2. The maintenance and operation portion of the following amounts:

22 (a) Amounts that are fully funded by revenues other than a levy of  
23 taxes upon the taxable property within the school district, as listed below:

24 (i) Amounts budgeted as the budget balance carryforward as provided in  
25 section 15-943.01.

26 (ii) Tuition revenues for attendance of nonresident pupils.

27 (iii) State assistance as provided in section 15-976.

28 (iv) Special education revenues as provided in section 15-825,  
29 subsection D and section 15-1204.

30 (v) Title VIII of the elementary and secondary education act of 1965  
31 assistance determined for children with disabilities, children with specific  
32 learning disabilities, children residing on Indian lands and children  
33 residing within the boundaries of an accommodation school that is located on  
34 a military reservation and that is classified as a heavily impacted local  
35 educational agency pursuant to 20 United States Code section 7703 as provided  
36 in section 15-905, subsections K and O.

37 (vi) Title VIII of the elementary and secondary education act of 1965  
38 administrative costs as provided in section 15-905, subsection P.

39 (vii) State assistance for excess tuition as provided in section  
40 15-825.01.

41 (viii) Amounts received from the state board of education pursuant to  
42 section 15-973.01.

43 (ix) Transportation revenues for attendance of nonresident pupils.

44 (b) Amounts approved pursuant to an override election as provided in  
45 section 15-481 for the applicable fiscal year.

(c) Expenditures for excess utility costs as provided in section 15-910.

(d) Amounts authorized by the county school superintendent pursuant to section 15-974, subsection B.

(e) Expenditures for complying with a court order of desegregation as provided in section 15-910.

(f) Expenditures for the bond issues portion of the cost of tuition as provided in section 15-910.

(g) Interest on registered warrants or tax anticipation notes as provided in section 15-910.

(h) Amounts budgeted for a jointly owned and operated career and technical education and vocational education center as provided in section 15-910.01.

3. The maintenance and operations portion of the capital outlay revenue limit for the budget year.

4. Any other budget item that is budgeted in the maintenance and operation section of the budget and that is specifically exempt from the revenue control limit or the capital outlay revenue limit.

D. The unrestricted capital budget limit, for each school district for each fiscal year, is the sum of the following:

1. The federal impact adjustment as determined in section 15-964 for the budget year.

2. Any other budget item that is budgeted in the capital outlay section of the budget and that is specifically exempt from the capital outlay revenue limit.
3. The unrestricted capital portion of the amounts contained in

subsection C of this section.

4. The unexpended budget balance in the unrestricted capital outlay fund from the previous fiscal year.

5. The net interest earned in the unrestricted capital outlay fund the previous fiscal year.

6. The budgeted amount as approved and determined pursuant to section 15-962, subsection E.

E. The soft capital allocation limit for each school district for each fiscal year is the sum of the following:

### 1. The soft capital allocation for the budget year.

2. The unexpended budget balance in the soft capital allocation fund from the previous fiscal year.

3. The net interest earned in the soft capital allocation fund the previous fiscal year.

Sec. 19. Section 15-947.01, Arizona Revised Statutes, is amended to read:

15-947.01. Revenue control limit; general budget limit; total capital budget limit for joint technical education districts

1       A. The revenue control limit for a joint technical education district  
2 is equal to the base support level determined in section 15-943.02 ~~and the~~  
3 ~~amount determined in section 15-910.04.~~

4       B. The general budget limit for each joint technical education  
5 district, for each fiscal year, is the sum of the following:

- 6       1. The revenue control limit for the budget year.
- 7       2. The capital outlay revenue limit for the budget year.
- 8       3. Tuition revenues for attendance of nonresident pupils.

9       4. Title VIII of the elementary and secondary education act of 1965  
10 assistance determined for children with disabilities, children with specific  
11 learning disabilities and children residing on Indian lands as provided in  
12 section 15-905, subsections K and O.

13       5. Expenditures for excess utility costs as provided in section  
14 15-910.

15       C. The unrestricted capital budget limit for each joint technical  
16 education district for the budget year is as provided in section 15-947,  
17 subsection D.

18       D. The soft capital allocation limit for each joint technical  
19 education district for the budget year is as provided in section 15-947,  
20 subsection E.

21       Sec. 20. Section 15-977, Arizona Revised Statutes, is amended to read:  
22       15-977. Classroom site fund; definitions

23       A. The classroom site fund is established consisting of monies  
24 transferred to the fund pursuant to section 37-521, subsection B and section  
25 42-5029, subsection E, paragraph 10. The department of education shall  
26 administer the fund. School districts and charter schools may not supplant  
27 existing school site funding with revenues from the fund. All monies  
28 distributed from the fund are intended for use at the school site. Each  
29 school district or charter school shall allocate forty per cent of the monies  
30 for teacher compensation increases based on performance and employment  
31 related expenses, twenty per cent of the monies for teacher base salary  
32 increases and employment related expenses and forty per cent of the monies  
33 for maintenance and operation purposes as prescribed in subsection H of this  
34 section. Teacher compensation increases based on performance or teacher base  
35 salary increases distributed pursuant to this subsection shall supplement,  
36 and not supplant, teacher compensation monies from any other sources. The  
37 school district or charter school shall notify each school principal of the  
38 amount available to the school by April 15 of each year. The district or  
39 charter school shall request from the school's principal each school's  
40 priority for the allocation of the funds available to the school for each  
41 program listed under subsection H of this section. The amount budgeted by  
42 the school district or charter school pursuant to this section shall not be  
43 included in the allowable budget balance carryforward calculated pursuant to  
44 section 15-943.01.

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

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

6           1. School district performance and school performance.  
7           2. Measures of academic progress toward the academic standards adopted  
8 by the state board of education.

9           3. Other measures of academic progress.  
10          4. Dropout or graduation rates.  
11          5. Attendance rates.  
12          6. Ratings of school quality by parents.  
13          7. Ratings of school quality by students.  
14          8. The input of teachers and administrators.

15        9. Approval of the performance based compensation system based on an  
16 affirmative vote of at least seventy per cent of the teachers eligible to  
17 participate in the performance based compensation system.

18       10. An appeals process for teachers who have been denied performance  
19 based compensation.

20       11. Regular evaluation for effectiveness.  
21       D. A performance based compensation system shall include teacher  
22 professional development programs that are aligned with the elements of the  
23 performance based compensation system.

24       E. A school district governing board may modify the elements contained  
25 in subsection C of this section and consider additional elements when  
26 adopting a performance based compensation system. A school district  
27 governing board shall adopt any modifications or additional elements and  
28 specify the criteria used at a public hearing.

29       F. Until December 31, 2009, each school district shall develop an  
30 assessment plan for its performance based compensation system and submit the  
31 plan to the department of education by December 31 of each year. A copy of  
32 the performance based compensation system and assessment plan adopted by the  
33 school district governing board shall be included in the report submitted to  
34 the department of education.

35       G. Monies in the fund are continuously appropriated, are exempt from  
36 the provisions of section 35-190 relating to lapsing of appropriations and  
37 shall be distributed as follows:

38           1. By March 30 of each year the staff of the joint legislative budget  
39 committee shall determine a per pupil amount from the fund for the budget  
40 year using the estimated statewide weighted count for the current year  
41 pursuant to section 15-943, paragraph 2, subdivision (a) and based on  
42 estimated available resources in the classroom site fund for the budget year  
43 adjusted for any prior year carryforward or shortfall.

44           2. The allocation to each charter school and school district for a  
45 fiscal year shall equal the per pupil amount established in paragraph 1 of  
46 this subsection for the fiscal year multiplied by the weighted student count

1 for the school district or charter school for the fiscal year pursuant to  
2 section 15-943, paragraph 2, subdivision (a). For the purposes of this  
3 paragraph, the weighted student count for a school district that serves as  
4 the district of attendance for nonresident pupils shall be increased to  
5 include nonresident pupils who attend school in the school district.

6 ~~3. For each fiscal year in which the legislature appropriates  
7 sufficient monies for teacher performance pay pursuant to this section, the  
8 amount appropriated shall equal the product of the base level prescribed in  
9 section 15-901 multiplied by the prior year statewide weighted student count  
10 multiplied by the following percentages:~~

11 ~~(a) For stage one, one per cent.~~  
12 ~~(b) For stage two, two per cent.~~  
13 ~~(c) For stage three, three per cent.~~  
14 ~~(d) For stage four, four per cent.~~  
15 ~~(e) For stage five, five per cent.~~  
16 ~~(f) For stage six, five and one-half per cent by June 30, 2018.~~

17 H. Monies distributed from the classroom site fund shall be spent for  
18 the following maintenance and operation purposes:

19 1. Class size reduction.  
20 2. Teacher compensation increases.  
21 3. AIMS intervention programs.  
22 4. Teacher development.  
23 5. Dropout prevention programs.  
24 6. Teacher liability insurance premiums.

25 I. The district governing board or charter school shall allocate the  
26 classroom site fund monies to include, wherever possible, the priorities  
27 identified by the principals of the schools while assuring that the funds  
28 maximize classroom opportunities and conform to the authorized expenditures  
29 identified in subsection A of this section.

30 J. School districts and charter schools that receive monies from the  
31 classroom site fund shall submit a report by November 15 of each year to the  
32 superintendent of public instruction on a per school basis that provides an  
33 accounting of the expenditures of monies distributed from the fund during the  
34 previous fiscal year and a summary of the results of district and school  
35 programs funded with monies distributed from the fund. The department of  
36 education in conjunction with the auditor general shall prescribe the format  
37 of the report under this subsection.

38 K. School districts and charter schools that receive monies from the  
39 classroom site fund shall receive these monies monthly in an amount not to  
40 exceed one-twelfth of the monies estimated pursuant to subsection G of this  
41 section, except that if there are insufficient monies in the fund that month  
42 to make payments, the distribution for that month shall be prorated for each  
43 school district or charter school. The department of education may make an  
44 additional payment in the current month for any prior month or months in  
45 which school districts or charter schools received a prorated payment if  
46 there are sufficient monies in the fund that month for the additional

1 payments. The state is not required to make payments to a school district or  
2 charter school classroom site fund if the state classroom site fund revenue  
3 collections are insufficient to meet the estimated allocations to school  
4 districts and charter schools pursuant to subsection G of this section.

5 L. The state education system for committed youth shall receive monies  
6 from the classroom site fund in the same manner as school districts and  
7 charter schools. The Arizona state schools for the deaf and the blind shall  
8 receive monies from the classroom site fund in an amount that corresponds to  
9 the weighted student count for the current year pursuant to section 15-943,  
10 paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state  
11 schools for the deaf and the blind. Except as otherwise provided in this  
12 subsection, the Arizona state schools for the deaf and the blind and the  
13 state education system for committed youth are subject to this section in the  
14 same manner as school districts and charter schools.

15 M. Each school district and charter school, including school districts  
16 that unify pursuant to section 15-448 or consolidate pursuant to section  
17 15-459, shall establish a local level classroom site fund to receive  
18 allocations from the state level classroom site fund. The local level  
19 classroom site fund shall be a budgetary controlled account. Interest  
20 charges for any registered warrants for the local level classroom site fund  
21 shall be a charge against the local level classroom site fund. Interest  
22 earned on monies in the local level classroom site fund shall be added to the  
23 local level classroom site fund as provided in section 15-978. ~~In no event~~  
24 ~~shall~~ This state **SHALL NOT** be required to make payments to a school district  
25 or charter school local level classroom site fund that are in addition to  
26 monies transferred to the state level classroom site fund pursuant to section  
27 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

33 ~~0. If a school district is approved for a career ladder program~~  
34 ~~pursuant to section 15-918.04 or an optional performance incentive program~~  
35 ~~pursuant to section 15-919, the school district may continue to participate~~  
36 ~~in those programs or may choose to receive additional teacher performance pay~~  
37 ~~monies pursuant to subsection G, paragraph 3 of this section. If a school~~  
38 ~~district chooses to receive monies pursuant to subsection G, paragraph 3 of~~  
39 ~~this section, the school district shall reduce the amount of funding for its~~  
40 ~~career ladder program or optional performance incentive program, as~~  
41 ~~applicable, in an amount that is equal to the amount appropriated by the~~  
42 ~~legislature for the applicable stage specified in subsection G, paragraph 3~~  
43 ~~of this section. If a school district is approved for a career ladder~~  
44 ~~program pursuant to section 15-918.04 or an optional performance incentive~~  
45 ~~program pursuant to section 15-919 and that school district chooses to~~  
46 ~~receive monies for stage one pursuant to subsection G, paragraph 3 of this~~

1 ~~section, the school district shall continue to receive funding through the~~  
2 ~~remaining stages specified in subsection G, paragraph 3 of this section,~~  
3 ~~subject to legislative appropriation. A school district that is subject to~~  
4 ~~this subsection shall notify the department of education of the school~~  
5 ~~district's intention to receive monies pursuant to subsection G, paragraph 3~~  
6 ~~of this section no later than July 1 of the fiscal year that stage one monies~~  
7 ~~are appropriated.~~

8 P. 0. For the purposes of this section:

9 1. "AIMS intervention" means summer programs, after school programs,  
10 before school programs or tutoring programs that are specifically designed to  
11 ensure that pupils meet the Arizona academic standards as measured by the  
12 Arizona instrument to measure standards test prescribed by section 15-741.

13 2. "Class size reduction" means any maintenance and operations  
14 expenditure that is designed to reduce the ratio of pupils to classroom  
15 teachers, including the use of persons who serve as aides to classroom  
16 teachers.

17 Sec. 21. Additional assistance funding for charter schools;  
18 reduction for fiscal year 2011-2012

19 In addition to any other reductions made in fiscal year 2011-2012, for  
20 fiscal year 2011-2012, the department of education shall reduce by the amount  
21 identified in the general appropriations act the amount of additional  
22 assistance funding that otherwise would be apportioned to charter schools  
23 statewide for fiscal year 2011-2012 pursuant to section 15-185, subsection B,  
24 paragraph 4, Arizona Revised Statutes, as amended by this act. The funding  
25 reduction required under this section shall be made on a proportional basis  
26 based on the additional assistance funding that each charter school in the  
27 state would have received for fiscal year 2011-2012 without the prescribed  
28 reduction.

29 Sec. 22. Joint technical education district equalization  
30 funding

31 Notwithstanding section 15-393, Arizona Revised Statutes, or any other  
32 law, the department of education shall fund state aid for joint technical  
33 education districts for fiscal year 2011-2012 at ninety-one per cent of the  
34 amount that otherwise would be provided by law.

35 Sec. 23. Soft capital allocation reduction for school districts  
36 for fiscal year 2011-2012

37 A. For fiscal year 2011-2012, the department of education shall reduce  
38 by \$188,120,700 the amount of basic state aid that otherwise would be  
39 apportioned to school districts statewide for fiscal year 2011-2012 for the  
40 soft capital allocation prescribed in section 15-962, Arizona Revised  
41 Statutes, and shall reduce school district budget limits accordingly.

42 B. For fiscal year 2011-2012, the department of education shall reduce  
43 the soft capital allocation for a school district that is not eligible to  
44 receive basic state aid funding for fiscal year 2011-2012 by the amount that  
45 its soft capital allocation would be reduced pursuant to subsection A of this  
46 section if the district was eligible to receive basic state aid funding for

1 fiscal year 2011-2012 and shall reduce the school district's budget limits  
2 accordingly.

3 Sec. 24. Early graduation scholarship program: funding  
4 suspension: temporary moratorium on new program  
5 participants

6 A. Notwithstanding section 15-105, subsection E, Arizona Revised  
7 Statutes, the student count and per pupil funding of a school district or  
8 charter school for fiscal year 2011-2012 shall not be adjusted to reflect  
9 requirements under that subsection.

10 B. Notwithstanding section 15-105, subsection F, Arizona Revised  
11 Statutes, for fiscal year 2011-2012 the department of education shall not  
12 transmit any monies to the commission for postsecondary education for the  
13 early graduation scholarship program.

14 C. Notwithstanding section 15-105, Arizona Revised Statutes, students  
15 who were not admitted before July 1, 2009 to participate in the early  
16 graduation scholarship program shall not be admitted to participate in the  
17 early graduation scholarship program during fiscal year 2011-2012.

18 D. If sufficient monies are available in the early graduation  
19 scholarship fund established by section 15-105, Arizona Revised Statutes,  
20 students who were admitted before July 1, 2009 to participate in the early  
21 graduation scholarship program shall continue to receive funding to  
22 participate in the program in fiscal year 2011-2012.

23 Sec. 25. Annual performance audit: AIMS intervention and  
24 dropout prevention program: suspension in fiscal  
25 year 2011-2012

26 Notwithstanding section 15-809, subsection C, Arizona Revised Statutes,  
27 the department of education is not required to contract with a private entity  
28 to conduct an annual performance audit of the AIMS intervention and dropout  
29 prevention program for fiscal year 2011-2012.

30 Sec. 26. School facilities board: new construction moratorium

31 A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised  
32 Statutes, for fiscal year 2011-2012, the school facilities board shall not  
33 authorize or award funding for the design or construction of any new school  
34 facility and shall not authorize or award funding for school site  
35 acquisitions.

36 B. During fiscal year 2011-2012, school districts shall submit capital  
37 plans according to section 15-2041, subsection C, Arizona Revised Statutes.  
38 The school facilities board may review and award new school facilities as  
39 outlined in section 15-2041, Arizona Revised Statutes, subject to future  
40 appropriations.

41 C. This section does not apply to lease-to-own transactions entered  
42 into by the school facilities board pursuant to Laws 2009, third special  
43 session, chapter 12, section 75, as amended by Laws 2010, seventh special  
44 session, chapter 8, section 6.

1       D. This section does not prevent the school facilities board from  
2 distributing monies for construction projects that began construction before  
3 fiscal year 2008-2009.

4       Sec. 27. Building renewal fund: suspension in fiscal year  
5                   2011-2012

6       Notwithstanding section 15-2031, Arizona Revised Statutes, the school  
7 facilities board shall not distribute monies from the building renewal fund  
8 in fiscal year 2011-2012.

9       Sec. 28. Capital outlay revenue limit reduction for school  
10                   districts for fiscal year 2011-2012

11      A. For fiscal year 2011-2012, the department of education shall reduce  
12 by \$63,864,800 the amount of basic state aid that otherwise would be  
13 apportioned to school districts statewide for fiscal year 2011-2012 for the  
14 capital outlay revenue control limit prescribed in section 15-961, Arizona  
15 Revised Statutes, and shall reduce school district budget limits accordingly.

16      B. For fiscal year 2011-2012, the department of education shall reduce  
17 the capital outlay revenue limit for a school district that is not eligible  
18 to receive basic state aid funding for fiscal year 2011-2012 by the amount  
19 that its capital outlay revenue limit would be reduced pursuant to subsection  
20 A of this section if the district was eligible to receive basic state aid  
21 funding for fiscal year 2011-2012 and shall reduce the school district's  
22 budget limits accordingly.

23       Sec. 29. K-12 formula reductions; small districts; maximum

24       Notwithstanding any other law, the sum of soft capital and capital  
25 outlay revenue limit reductions in fiscal year 2011-2012 for school districts  
26 with a student count of fewer than 1,100 pupils shall not exceed \$5,000,000.

27       Sec. 30. Initial deposits in the education learning and  
28                   accountability fund

29       On or before December 1, 2011, each community college district shall  
30 transmit on a one-time basis six dollars per full-time student equivalent  
31 according to the most recent audit and each university under the jurisdiction  
32 of the Arizona board of regents shall transmit on a one-time basis six  
33 dollars per actual university full-time equivalent student to the department  
34 of education for deposit in the education learning and accountability fund  
35 established by section 15-249.02, Arizona Revised Statutes, as added by this  
36 act.

37       Sec. 31. Conforming legislation

38       The legislative council staff shall prepare proposed legislation  
39 conforming the Arizona Revised Statutes to the delayed repeal of sections  
40 15-918, 15-918.01, 15-918.02, 15-918.03, 15-918.04, 15-918.05, 15-919,  
41 15-919.02, 15-919.03, 15-919.04, 15-919.05 and 15-919.06, Arizona Revised  
42 Statutes, by this act, for consideration in the fifty-second legislature,  
43 first regular session.

44       Sec. 32. Career ladder and optional performance incentive  
45                   programs; maximum base level increase and qualifying

tax rate increases for fiscal years 2011-2012 through 2014-2015

A. Notwithstanding sections 15-918.04 and 15-919.04, Arizona Revised Statutes, the maximum base level increase that is permitted for a school district that participates in the career ladder program or the optional performance incentive program shall be as follows:

1. For fiscal year 2011-2012, four per cent.
2. For fiscal year 2012-2013, three per cent.
3. For fiscal year 2013-2014, two per cent.
4. For fiscal year 2014-2015, one per cent.

B. Notwithstanding sections 15-918.05 and 15-919.05, Arizona Revised Statutes, for fiscal years 2011-2012 through 2014-2015 a school district that is authorized to calculate its budget using an increase in the base level, as prescribed in sections 15-918.04 and 15-919.04, Arizona Revised Statutes, shall have its equalization assistance for education as computed in section 15-971, Arizona Revised Statutes, 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, Arizona Revised Statutes, the qualifying tax rate as provided in section 15-971, subsection B, paragraph 1, Arizona Revised Statutes, shall be increased ten cents or the amount required in order to fund authorized budget capacity for the program for the fiscal year, whichever is less.

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, Arizona Revised Statutes, the qualifying tax rate as provided in section 15-971, subsection B, paragraph 2, Arizona Revised Statutes, shall be increased twenty cents or the amount required in order to fund authorized budget capacity for the program for the fiscal year, whichever is less.

C. For fiscal years 2011-2012 through 2014-2015, career ladder programs and optional performance incentive programs are limited to teachers who participated in those respective programs in the prior fiscal year.

APPROVED BY THE GOVERNOR APRIL 6, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 7, 2011.