

REFERENCE TITLE: K-12 education; budget reconciliation; 2012-2013

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HB 2858

Introduced by
Representative Kavanagh (with permission of Committee on Rules)

AN ACT

AMENDING SECTIONS 15-185, 15-901, 15-945, 15-2011, 15-2032 AND 15-2041,
ARIZONA REVISED STATUTES; 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, is amended to
3 read:

4 15-185. Charter schools; financing; civil penalty;
5 transportation; definitions

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

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

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

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

26 (a) Increase its student count as provided in subsection B, paragraph
27 2 of this section during the first year of the charter school's operation to
28 include those charter school pupils who were not previously enrolled in the
29 school district. A charter school sponsored by a school district governing
30 board is eligible for the assistance prescribed in subsection B, paragraph 4
31 of this section. The soft capital allocation as provided in section 15-962
32 for the school district sponsoring the charter school shall be increased by
33 the amount of the additional assistance. The school district shall include
34 the full amount of the additional assistance in the funding provided to the
35 charter school.

36 (b) Compute separate weighted student counts pursuant to section
37 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
38 school pupils in order to maintain eligibility for small school district
39 support level weights authorized in section 15-943, paragraph 1 for its
40 noncharter school pupils only. The portion of a district's student count
41 that is attributable to charter school pupils is not eligible for small
42 school district support level weights.

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

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

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

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

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

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

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

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

4 4. Equalization assistance for the charter school shall be determined
5 by adding the amount of the base support level and additional assistance.
6 The amount of the additional assistance is one thousand six hundred
7 ~~twenty-one~~ FORTY-NINE dollars ~~ninety-seven~~ FIFTY-FOUR cents per student count
8 in kindergarten programs and grades one through eight and one thousand ~~eight~~
9 NINE hundred ~~ninety~~ TWENTY-TWO dollars ~~thirty-eight~~ FIFTY-TWO cents per
10 student count in grades nine through twelve.

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

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

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

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

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

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

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

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

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

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

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

45 G. At the request of a charter school, the county school
46 superintendent of the county where the charter school is located may provide

1 the same educational services to the charter school as prescribed in section
2 15-308, subsection A. The county school superintendent may charge a fee to
3 recover costs for providing educational services to charter schools.

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

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

41 J. A charter school may receive and spend monies distributed by the
42 department of education pursuant to section 42-5029, subsection E and section
43 37-521, subsection B.

44 K. If a school district transports or contracts to transport pupils to
45 the Arizona state schools for the deaf and the blind during any fiscal year,
46 the school district may transport or contract with a charter school to

1 transport sensory impaired pupils during that same fiscal year to a charter
2 school if requested by the parent of the pupil and if the distance from the
3 pupil's place of actual residence within the school district to the charter
4 school is less than the distance from the pupil's place of actual residence
5 within the school district to the campus of the Arizona state schools for the
6 deaf and the blind.

7 L. Notwithstanding any other law, a university under the jurisdiction
8 of the Arizona board of regents, a community college district or a group of
9 community college districts shall not include any student in the student
10 count of the university, community college district or group of community
11 college districts for state funding purposes if that student is enrolled in
12 and attending a charter school sponsored by the university, community college
13 district or group of community college districts.

14 M. The governing body of a charter school shall transmit a copy of its
15 proposed budget or the summary of the proposed budget and a notice of the
16 public hearing to the department of education for posting on the department
17 of education's website no later than ten days before the hearing and meeting.
18 If the charter school maintains a website, the charter school governing body
19 shall post on its website a copy of its proposed budget or the summary of the
20 proposed budget and a notice of the public hearing.

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

25 O. If permitted by federal law, a charter school may opt out of
26 federal grant opportunities if the charter holder or the appropriate
27 governing body of the charter school determines that the federal requirements
28 impose unduly burdensome reporting requirements.

29 P. For the purposes of this section:

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

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

42 Sec. 2. Section 15-901, Arizona Revised Statutes, is amended to read:

43 15-901. Definitions

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

45 1. "Average daily membership" means the total enrollment of fractional
46 students and full-time students, minus withdrawals, who are enrolled on

1 September 15, November 15, January 15 and March 15, divided by four.
 2 Withdrawals include students formally withdrawn from schools and students
 3 absent for ten consecutive school days, except for excused absences
 4 identified by the department of education. For the purposes of this section,
 5 school districts and charter schools shall report student absence data to the
 6 department of education at least once every sixty days in session. For
 7 computation purposes, the effective date of withdrawal shall be retroactive
 8 to the last day of actual attendance of the student or excused absence.

9 (a) "Fractional student" means:

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

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

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

44 (i) For common schools, a student who is at least six years of age
 45 before January 1 of a school year, who has not graduated from the highest
 46 grade taught in the school district and who is regularly enrolled in a course

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

19 (ii) For high schools, except as provided in section 15-105, a student
 20 not graduated from the highest grade taught in the school district, or an
 21 ungraded student at least fourteen years of age by September 1, and enrolled
 22 in at least an instructional program of four or more subjects that count
 23 toward graduation as defined by the state board of education, that meets for
 24 a total of at least seven hundred twenty hours for a one hundred eighty day
 25 school year, or the instructional hours prescribed in this section in a
 26 recognized high school. A full-time student shall not be counted more than
 27 once for computation of average daily membership. The average daily
 28 membership of a full-time high school student shall be 1.0 if the student is
 29 enrolled in at least four subjects that meet at least seven hundred twenty
 30 hours for a one hundred eighty day school year, or the equivalent
 31 instructional hours prescribed in this section.

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

35 (iv) Except as otherwise provided by law, for any student who is
 36 concurrently enrolled in a school district and a charter school, the average
 37 daily membership shall be apportioned between the school district and the
 38 charter school and shall not exceed 1.0. The apportionment shall be based on
 39 the percentage of total time that the student is enrolled in or in attendance
 40 at the school district and the charter school.

41 (v) Except as otherwise provided by law, for any student who is
 42 concurrently enrolled, pursuant to section 15-808, in a school district and
 43 Arizona online instruction or a charter school and Arizona online
 44 instruction, the average daily membership shall be apportioned between the
 45 school district and Arizona online instruction or the charter school and
 46 Arizona online instruction and shall not exceed 1.0. The apportionment shall

1 be based on the percentage of total time that the student is enrolled in or
2 in attendance at the school district and Arizona online instruction or the
3 charter school and Arizona online instruction.

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

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

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

11 (a) Grades one through eight.

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

13 4. "Current year" means the fiscal year in which a school district is
14 operating.

15 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 8. "Eligible students" means:

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

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

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

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

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

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

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

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

45 11. "High school district" means a political subdivision of this state
46 offering instruction to students for grades nine through twelve or that

1 portion of the budget of a common school district that is allocated to
2 teaching high school subjects with permission of the state board of
3 education.

4 12. "Revenue control limit" means the base revenue control limit plus
5 the transportation revenue control limit.

6 13. "Student count" means average daily membership as prescribed in
7 this subsection for the fiscal year before the current year, except that for
8 the purpose of budget preparation student count means average daily
9 membership as prescribed in this subsection for the current year.

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

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

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

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

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

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

25 2. "Base level" means the following amounts plus the percentage
26 increases to the base level as provided in sections 15-902.02, 15-918.04,
27 15-919.04 and 15-952, except that if a school district or charter school is
28 eligible for an increase in the base level as provided in two or more of
29 these sections, the base level amount shall be calculated by compounding
30 rather than adding the sum of one plus the percentage of the increase from
31 those different sections:

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

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

36 (c) For fiscal years 2009-2010, 2010-2011, ~~and 2011-2012,~~ **AND**
37 **2012-2013**, three thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

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

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

11 8. "ED-P" means programs for children with emotional disabilities who
12 are enrolled in private special education programs as prescribed in section
13 15-765, subsection D, paragraph 1 or in an intensive school district program
14 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

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

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

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

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

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

13 16. "MD-R, A-R and SID-R" means resource programs for pupils with
14 multiple disabilities, autism and severe intellectual disability.

15 17. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils
16 with multiple disabilities, autism and severe intellectual disability.

17 18. "MD-SSI" means a program for pupils with multiple disabilities with
18 severe sensory impairment.

19 19. "MOID" means programs for pupils with moderate intellectual
20 disability.

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

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

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

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

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

32 25. "Small isolated school district" means a school district that meets
33 all of the following:

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

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

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

43 26. "Small school district" means a school district that meets all of
44 the following:

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

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

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

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

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

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

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

13 Sec. 3. Section 15-945, Arizona Revised Statutes, is amended to read:
 14 15-945. Transportation support level

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

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

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

21 3. Determine the number of eligible students transported in the fiscal
 22 year prior to the current year.

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

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

<u>Column 1</u>	<u>Column 2</u>
31 Approved Daily Route 32 Mileage per Eligible 33 <u>Student Transported</u>	State Support Level per Route Mile for <u>Fiscal Year</u> 2011-2012 <u>2012-2013</u>
34 0.5 or less	2.37 2.41
35 More than 0.5 through 1.0	1.93 1.96
36 More than 1.0	2.37 2.41

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

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

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

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

6 <u>Column 1</u>	7 <u>Column 2</u>	8 <u>Column 3</u>	9 <u>Column 4</u>
7 Approved Daily Route			
8 Mileage per Eligible	District Type	District Type	District Type
9 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
10 0.5 or less	0.15	0.10	0.25
11 More than 0.5 through 1.0	0.15	0.10	0.25
12 More than 1.0	0.18	0.12	0.30

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

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

22 1. Determine the sum of the following:

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

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

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

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

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

4 Sec. 4. Section 15-2011, Arizona Revised Statutes, is amended to read:
5 15-2011. Minimum school facility adequacy requirements:
6 definition

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

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

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

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

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

31 4. The buildings are structurally sound.

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

35 1. For a school district that provides instruction to pupils in
36 programs for preschool children with disabilities, kindergarten programs and
37 grades one through six, eighty square feet per pupil in programs for
38 preschool children with disabilities, kindergarten programs and grades one
39 through six.

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

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

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

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

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

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

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

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

22 2. Geographic factors.

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

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

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

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

29 (a) Total gross square footage.

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

32 3. Consider the total space available in all schools in use in the
33 school district, except that the school facilities board shall allow an
34 exclusion of the square footage for certain schools and the pupils within the
35 schools' boundaries if the school district demonstrates to the board's
36 satisfaction unusual or excessive busing of pupils or unusual attendance
37 boundary changes between schools.

38 4. Compute the gross square footage of all buildings by measuring from
39 exterior wall to exterior wall. Square footage used solely for district
40 administration, storage of vehicles and other nonacademic purposes shall be
41 excluded from the gross square footage.

42 5. Include all portable and modular buildings.

43 6. Include in the gross square footage new construction funded wholly
44 or partially by the school facilities board based on the square footage
45 funded by the school facilities board. If the new construction is to exceed
46 the square footage funded by the school facilities board, the excess square

1 footage shall not be included in the gross square footage if any of the
2 following applies:

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

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

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

13 7. Require that excess square footage that is constructed after July
14 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection
15 meets the minimum school facility adequacy guidelines in order to be eligible
16 for building renewal monies as computed in section 15-2031.

17 8. Exclude square footage built under a developer agreement according
18 to section 15-342, paragraph 33 until the school facilities board provides
19 funding for the square footage under section 15-2041, subsection 0.

20 9. INCLUDE SQUARE FOOTAGE THAT A SCHOOL DISTRICT HAS LEASED TO ANOTHER
21 ENTITY, INCLUDING SQUARE FOOTAGE LEASED TO A CHARTER SCHOOL THAT IS SPONSORED
22 BY A SCHOOL DISTRICT PURSUANT TO SECTION 15-183.

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

- 36 1. School sites.
- 37 2. Classrooms.
- 38 3. Libraries and media centers, or both.
- 39 4. Cafeterias.
- 40 5. Auditoriums, multipurpose rooms or other multiuse space.
- 41 6. Technology.
- 42 7. Transportation.
- 43 8. Facilities for science, arts and physical education.
- 44 9. Other facilities and equipment that are necessary and appropriate
45 to achieve the academic standards prescribed pursuant to section 15-203,
46 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

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

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

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

12 I. For the purposes of this section, "student capacity" means the
13 capacity adjusted to include any additions to or deletions of space,
14 including modular or portable buildings at the school. The school facilities
15 board shall determine the student capacity for each school in conjunction
16 with each school district, recognizing each school's allocation of space as
17 of July 1, 1998, to achieve the academic standards prescribed pursuant to
18 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
19 15-701.01.

20 Sec. 5. Section 15-2032, Arizona Revised Statutes, is amended to read:
21 15-2032. School facilities board building renewal grant fund;
22 definitions

23 A. Notwithstanding section 15-2031, the building renewal grant fund is
24 established consisting of monies appropriated to the fund by the legislature.
25 The school facilities board shall administer the fund and distribute monies
26 to school districts for the purpose of maintaining the adequacy of existing
27 school facilities. Monies in the fund are exempt from the provisions of
28 section 35-190 relating to lapsing of appropriations.

29 B. The school facilities board shall distribute monies from the fund
30 based on grant requests from school districts to fund primary building
31 renewal projects. Project requests shall be prioritized by the school
32 facilities board, with priority given to school districts that have provided
33 routine preventative maintenance on the facility, and to school districts
34 that can provide a match of monies provided by the fund. The school
35 facilities board shall approve only projects that will be completed within
36 twelve months, unless similar projects on average take longer to complete.

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

- 40 1. Major renovations and repairs to a building.
- 41 2. Upgrading systems and areas that will maintain or extend the useful
42 life of the building.
- 43 3. Infrastructure costs.

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

- 46 1. New construction.

- 1 2. Remodeling interior space for aesthetic or preferential reasons.
- 2 3. Exterior beautification.
- 3 4. Demolition.
- 4 5. The purchase of soft capital items pursuant to section 15-962.
- 5 6. Routine preventative maintenance.

6 7. ANY PROJECT IN A BUILDING, OR PART OF A BUILDING, THAT IS BEING
7 LEASED TO ANOTHER ENTITY, INCLUDING A CHARTER SCHOOL ESTABLISHED PURSUANT TO
8 SECTION 15-183.

9 E. For the purposes of this section:

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

16 2. "Routine preventative maintenance" means services that are
17 performed on a regular schedule at intervals ranging from four times a year
18 to once every three years and that are intended to extend the useful life of
19 a building system and reduce the need for major repairs.

20 3. "Student capacity" has the same meaning prescribed in section
21 15-2011.

22 Sec. 6. Section 15-2041, Arizona Revised Statutes, is amended to read:
23 15-2041. New school facilities fund; capital plan; report

24 A. A new school facilities fund is established consisting of monies
25 appropriated by the legislature and monies credited to the fund pursuant to
26 section 37-221. The school facilities board shall administer the fund and
27 distribute monies, as a continuing appropriation, to school districts for the
28 purpose of constructing new school facilities and for contracted expenses
29 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
30 of each fiscal year, any unobligated contract monies in the new school
31 facilities fund shall be transferred to the capital reserve fund established
32 by section 15-2003.

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

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

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

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

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

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

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

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

6 5. If a school district pays tuition for all or a portion of the
7 school district's high school pupils to another school district, the capital
8 plan shall indicate the number of pupils for which the district pays tuition
9 to another district. If a school district accepts pupils from another school
10 district pursuant to section 15-824, subsection A, the school district shall
11 indicate the projections for this population separately. This paragraph does
12 not apply to a small isolated school district as defined in section 15-901.

13 C. If the capital plan indicates a need for a new school or an
14 addition to an existing school within the next four years or a need for land
15 within the next ten years, the school district shall submit its plan to the
16 school facilities board by September 1 and shall request monies from the new
17 school facilities fund for the new construction or land. The school
18 facilities board may require a school district to sell land that was
19 previously purchased entirely with monies provided by the school facilities
20 board if the school facilities board determines that the property is no
21 longer needed within the ten year period specified in this subsection for a
22 new school or no longer needed within that ten year period for an addition to
23 an existing school. Monies provided for land shall be in addition to any
24 monies provided pursuant to subsection D of this section.

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

27 1. The school facilities board shall review and evaluate the
28 enrollment projections and either approve the projections as submitted or
29 revise the projections. In determining new construction requirements, the
30 school facilities board shall determine the net new growth of pupils that
31 will require additional square footage that exceeds the building adequacy
32 standards prescribed in section 15-2011. If the projected growth and the
33 existing number of pupils exceed three hundred fifty pupils who are served in
34 a school district other than the pupil's resident school district, the school
35 facilities board, the receiving school district and the resident school
36 district shall develop a capital facilities plan on how to best serve those
37 pupils. A small isolated school district as defined in section 15-901 is not
38 required to develop a capital facilities plan pursuant to this paragraph.

39 2. If the approved projections indicate that additional space will not
40 be needed within the next two years for elementary schools or three years for
41 middle or high schools in order to meet the building adequacy standards
42 prescribed in section 15-2011, the request shall be held for consideration by
43 the school facilities board for possible future funding and the school
44 district shall annually submit an updated plan until the additional space is
45 needed.

1 3. If the approved projections indicate that additional space will be
2 needed within the next two years for elementary schools or three years for
3 middle or high schools in order to meet the building adequacy standards
4 prescribed in section 15-2011, the school facilities board shall provide an
5 amount as follows:

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

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

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

29 (ii) Geographic factors.

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

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

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

1 radius of a boundary of a municipality with a population of more than fifty
2 thousand persons.

3 (d) Once the school district governing board obtains approval from the
4 school facilities board for new facility construction funds, additional
5 portable or modular square footage created for the express purpose of
6 providing temporary space for pupils until the completion of the new facility
7 shall not be included by the school facilities board for the purpose of new
8 construction funding calculations. On completion of the new facility
9 construction project, if the portable or modular facilities continue in use,
10 the portable or modular facilities shall be included as prescribed by this
11 chapter, unless the school facilities board approves their continued use for
12 the purpose of providing temporary space for pupils until the completion of
13 the next new facility that has been approved for funding from the new school
14 facilities fund.

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

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

25 6. IF A SCHOOL DISTRICT LEASES A BUILDING TO ANOTHER ENTITY, INCLUDING
26 A CHARTER SCHOOL THAT IS SPONSORED BY A SCHOOL DISTRICT PURSUANT TO SECTION
27 15-183, THAT BUILDING SHALL BE INCLUDED IN THE SCHOOL DISTRICT'S SQUARE
28 FOOTAGE CALCULATION FOR PURPOSES OF NEW CONSTRUCTION PURSUANT TO THIS
29 SECTION.

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

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

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

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

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

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

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

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

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

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

1 more school buildings have outlived their useful life. If the school
 2 facilities board determines that the school district needs to build a new
 3 school building for these reasons, the school facilities board shall remove
 4 the square footage computations that represent the building from the
 5 computation of the school district's total square footage for purposes of
 6 this section. If the square footage recomputation reflects that the school
 7 district no longer meets building adequacy standards, the school district
 8 qualifies for a distribution of monies from the new school construction
 9 formula in an amount determined pursuant to subsection D of this section.
 10 Buildings removed from a school district's total square footage pursuant to
 11 this subsection shall not be included in the computation of monies from the
 12 building renewal fund established by section 15-2031. The school facilities
 13 board may only modify the base cost per square foot prescribed in this
 14 subsection under extraordinary circumstances for geographic factors or site
 15 conditions.

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

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

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

45 K. If a school district uses its own project manager for new school
 46 construction, the members of the school district governing board and the

1 project manager shall sign an affidavit stating that the members and the
2 project manager understand and will follow the minimum adequacy requirements
3 prescribed in section 15-2011.

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

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

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

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

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

5 Sec. 7. Additional assistance funding for charter schools;
6 reduction for fiscal year 2012-2013

7 In addition to any other reductions made in fiscal year 2012-2013, for
8 fiscal year 2012-2013, the department of education shall reduce by the amount
9 identified in the general appropriations act the amount of additional
10 assistance funding that otherwise would be apportioned to charter schools
11 statewide for fiscal year 2012-2013 pursuant to section 15-185, subsection B,
12 paragraph 4, Arizona Revised Statutes, as amended by this act. The funding
13 reduction required under this section shall be made on a proportional basis
14 based on the additional assistance funding that each charter school in the
15 state would have received for fiscal year 2012-2013 without the prescribed
16 reduction.

17 Sec. 8. Joint technical education district equalization funding

18 Notwithstanding section 15-393, Arizona Revised Statutes, or any other
19 law, the department of education shall fund state aid for joint technical
20 education districts for fiscal year 2012-2013 at ninety-one per cent of the
21 amount that otherwise would be provided by law.

22 Sec. 9. Soft capital allocation reduction for school districts
23 for fiscal year 2012-2013

24 A. For fiscal year 2012-2013, the department of education shall reduce
25 by \$158,120,700 the amount of basic state aid that otherwise would be
26 apportioned to school districts statewide for fiscal year 2012-2013 for the
27 soft capital allocation prescribed in section 15-962, Arizona Revised
28 Statutes, and shall reduce school district budget limits accordingly.

29 B. For fiscal year 2012-2013, the department of education shall reduce
30 the soft capital allocation for a school district that is not eligible to
31 receive basic state aid funding for fiscal year 2012-2013 by the amount that
32 its soft capital allocation would be reduced pursuant to subsection A of this
33 section if the district was eligible to receive basic state aid funding for
34 fiscal year 2012-2013 and shall reduce the school district's budget limits
35 accordingly.

36 C. Additional assistance funding to district-sponsored charter schools
37 for fiscal year 2012-2013 shall not be affected by this section.

38 Sec. 10. Early graduation scholarship program; funding
39 suspension; temporary moratorium on new program
40 participants

41 A. Notwithstanding section 15-105, subsection E, Arizona Revised
42 Statutes, the student count and per pupil funding of a school district or
43 charter school for fiscal year 2012-2013 shall not be adjusted to reflect
44 requirements under that subsection.

45 B. Notwithstanding section 15-105, subsection F, Arizona Revised
46 Statutes, for fiscal year 2012-2013 the department of education shall not

1 transmit any monies to the commission for postsecondary education for the
2 early graduation scholarship program.

3 C. Notwithstanding section 15-105, Arizona Revised Statutes, students
4 who were not admitted before July 1, 2009 to participate in the early
5 graduation scholarship program shall not be admitted to participate in the
6 early graduation scholarship program during fiscal year 2012-2013.

7 D. If sufficient monies are available in the early graduation
8 scholarship fund established by section 15-105, Arizona Revised Statutes,
9 students who were admitted before July 1, 2009 to participate in the early
10 graduation scholarship program shall continue to receive funding to
11 participate in the program in fiscal year 2012-2013.

12 Sec. 11. Annual performance audit; AIMS intervention and
13 dropout prevention program; suspension in fiscal
14 year 2012-2013

15 Notwithstanding section 15-809, subsection C, Arizona Revised Statutes,
16 the department of education is not required to contract with a private entity
17 to conduct an annual performance audit of the AIMS intervention and dropout
18 prevention program for fiscal year 2012-2013.

19 Sec. 12. School facilities board; new construction moratorium

20 A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised
21 Statutes, as amended by this act, for fiscal year 2012-2013, the school
22 facilities board shall not authorize or award funding for the design or
23 construction of any new school facility and shall not authorize or award
24 funding for school site acquisitions.

25 B. During fiscal year 2012-2013, school districts shall submit capital
26 plans according to section 15-2041, subsection C, Arizona Revised Statutes,
27 as amended by this act. The school facilities board may review and award new
28 school facilities as outlined in section 15-2041, Arizona Revised Statutes,
29 as amended by this act, subject to future appropriations.

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

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

37 Sec. 13. Building renewal fund; suspension in fiscal year
38 2012-2013

39 Notwithstanding section 15-2031, Arizona Revised Statutes, the school
40 facilities board shall not distribute monies from the building renewal fund
41 in fiscal year 2012-2013.

42 Sec. 14. Capital outlay revenue limit reduction for school
43 districts for fiscal year 2012-2013

44 A. For fiscal year 2012-2013, the department of education shall reduce
45 by \$93,864,800 the amount of basic state aid that otherwise would be
46 apportioned to school districts statewide for fiscal year 2012-2013 for the

1 capital outlay revenue control limit prescribed in section 15-961, Arizona
2 Revised Statutes, and shall reduce school district budget limits accordingly.

3 B. For fiscal year 2012-2013, the department of education shall reduce
4 the capital outlay revenue limit for a school district that is not eligible
5 to receive basic state aid funding for fiscal year 2012-2013 by the amount
6 that its capital outlay revenue limit would be reduced pursuant to subsection
7 A of this section if the district was eligible to receive basic state aid
8 funding for fiscal year 2012-2013 and shall reduce the school district's
9 budget limits accordingly.

10 Sec. 15. K-12 formula reductions; small districts; maximum

11 Notwithstanding any other law, the sum of soft capital and capital
12 outlay revenue limit reductions in fiscal year 2012-2013 for school districts
13 with a student count of fewer than 1,100 pupils shall not exceed \$5,000,000.