

REFERENCE TITLE: K-12 education; budget reconciliation; 2016-2017

State of Arizona  
Senate  
Fifty-second Legislature  
Second Regular Session  
2016

# SB 1538

Introduced by  
Senators Biggs, Yarbrough (with permission of Committee on Rules)

## AN ACT

AMENDING SECTIONS 5-568, 15-101, 15-183, 15-184, 15-185, 15-187, 15-217, 15-248.02, 15-393, 15-393.01, 15-447.01 AND 15-824, ARIZONA REVISED STATUTES; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 15, SECTION 4; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 1; AMENDING SECTIONS 15-902.03, 15-910, 15-943, 15-943.02 AND 15-945, ARIZONA REVISED STATUTES; REPEALING SECTION 15-948, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-951, 15-961, 15-973, 15-991, 15-1371, 15-1372, 15-2011, 15-2032 AND 15-2041, ARIZONA REVISED STATUTES; AMENDING LAWS 2014, CHAPTER 16, SECTION 5; REPEALING LAWS 2014, CHAPTER 16, SECTION 6, AS AMENDED BY LAWS 2014, CHAPTER 214, SECTION 5; AMENDING LAWS 2014, CHAPTER 17, SECTION 10; AMENDING LAWS 2014, CHAPTER 17, SECTION 19; APPROPRIATING MONIES; 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 5-568, Arizona Revised Statutes, is amended to  
3 read:

4 **5-568. Disposition of unclaimed prize money**

5 Unclaimed prize money for the prize on a winning ticket or share shall  
6 be retained for the person entitled to the prize for one hundred eighty days  
7 after the drawing in which the prize was won in the case of a drawing prize  
8 and for one hundred eighty days after the announced end of the game in  
9 question in the case of a prize determined in any manner other than by means  
10 of a drawing. If a claim is not made for the money within the applicable  
11 period, the money shall be transferred in the following amounts:

12 1. Fifty-five percent of the prize money shall be held in the state  
13 lottery prize fund for use as additional prizes in future games, except that  
14 if the amount of monies transferred by the commission pursuant to section  
15 5-554, subsection H, paragraph 1 is less than nine hundred thousand dollars  
16 each fiscal year, the difference shall be transferred to the internet crimes  
17 against children enforcement fund established by section 41-199 and if the  
18 **AMOUNT OF** monies transferred by the commission pursuant to section 5-554,  
19 subsection H, paragraph 2 is less than one hundred thousand dollars each  
20 fiscal year, the difference shall be transferred to the victims' rights  
21 enforcement fund established by section 41-1727.

22 2. Thirty percent shall be transferred quarterly to the court  
23 appointed special advocate fund established by section 8-524.

24 3. Fifteen percent shall be transferred monthly to the tribal college  
25 dual enrollment program fund established by section 15-244.01. The amount  
26 transferred may not exceed **one TWO** hundred **sixty** **FIFTY** thousand dollars in  
27 any fiscal year.

28 Sec. 2. Section 15-101, Arizona Revised Statutes, is amended to read:

29 **15-101. Definitions**

30 In this title, unless the context otherwise requires:

31 1. "Accommodation school" means either:

32 (a) A school that is operated through the county board of supervisors  
33 and the county school superintendent and that the county school  
34 superintendent administers to serve a military reservation or territory that  
35 is not included within the boundaries of a school district.

36 (b) A school that provides educational services to homeless children  
37 or alternative education programs as provided in section 15-308,  
38 subsection B.

39 (c) A school that is established to serve a military reservation, the  
40 boundaries of which are coterminous with the boundaries of the military  
41 reservation on which the school is located.

42 2. "Assessed valuation" means the valuation derived by applying the  
43 applicable percentage as provided in title 42, chapter 15, article 1 to the  
44 full cash value or limited property value, whichever is applicable, of the  
45 property.

1       3. "Charter holder" means a person that enters into a charter with the  
2 state board for charter schools. For the purposes of this paragraph,  
3 "person" means an individual, partnership, corporation, association or public  
4 or private organization of any kind.

5       4. "Charter school" means a public school established by contract with  
6 ~~a district governing board~~, the state board of education, the state board for  
7 charter schools, a university under the jurisdiction of the Arizona board of  
8 regents, a community college district with enrollment of more than fifteen  
9 thousand full-time equivalent students or a group of community college  
10 districts with a combined enrollment of more than fifteen thousand full-time  
11 equivalent students pursuant to article 8 of this chapter to provide learning  
12 that will improve pupil achievement.

13       5. "Child with a disability" means a child with a disability as  
14 defined in section 15-761.

15       6. "Class A bonds" means general obligation bonds approved by a vote  
16 of the qualified electors of a school district at an election held on or  
17 before December 31, 1998.

18       7. "Class B bonds" means general obligation bonds approved by a vote  
19 of the qualified electors of a school district at an election held from and  
20 after December 31, 1998.

21       8. "Competency" means a demonstrated ability in a skill at a specified  
22 performance level.

23       9. "Course" means organized subject matter in which instruction is  
24 offered within a given period of time and for which credit toward promotion,  
25 graduation or certification is usually given. A course consists of knowledge  
26 selected from a subject for instructional purposes in the schools.

27       10. "Course of study" means a list of required and optional subjects to  
28 be taught in the schools.

29       11. "Dual enrollment course" means a ~~college-level~~ COLLEGE-LEVEL course  
30 that is conducted on the campus of a high school or on the campus of a joint  
31 technical education district, that is applicable to an established community  
32 college academic degree or certificate program and that is transferable to a  
33 university under the jurisdiction of the Arizona board of regents. A dual  
34 enrollment course that is applicable to a community college occupational  
35 degree or certificate program may be transferable to a university under the  
36 jurisdiction of the Arizona board of regents.

37       12. "Elementary grades" means kindergarten programs and grades one  
38 through eight.

39       13. "Fiscal year" means the year beginning July 1 and ending June 30.

40       14. "Governing board" means a body organized for the government and  
41 management of the schools within a school district or a county school  
42 superintendent in the conduct of an accommodation school.

43       15. "Lease" means an agreement for conveyance and possession of real or  
44 personal property.

16. "Limited property value" means the value determined pursuant to title 42, chapter 13, article 7. Limited property value shall be used as the basis for assessing, fixing, determining and levying primary property taxes.

17. "Parent" means the natural or adoptive parent of a child or a person who has custody of a child.

18. "Person who has custody" means a parent or legal guardian of a child, a person to whom custody of the child has been given by order of a court or a person who stands in loco parentis to the child.

19. "Primary property taxes" means all ad valorem taxes except for secondary property taxes.

20. "Private school" means a nonpublic institution where instruction is imparted.

21. "School" or "public school" means any public institution established for the purposes of offering instruction to pupils in programs for preschool children with disabilities, kindergarten programs or any combination of elementary grades or secondary grades one through twelve.

22. "School district" means a political subdivision of this state with geographic boundaries organized for the purpose of the administration, support and maintenance of the public schools or an accommodation school.

23. "Secondary grades" means grades nine through twelve.

24. "Secondary property taxes" means ad valorem taxes used to pay the principal of and the interest and redemption charges on any bonded indebtedness or other lawful long-term obligation issued or incurred for a specific purpose by a school district or a community college district and amounts levied pursuant to an election to exceed a budget, expenditure or tax limitation.

25. "Subject" means a division or field of organized knowledge, such as English or mathematics, or a selection from an organized body of knowledge for a course or teaching unit, such as the English novel or elementary algebra.

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

15-183. Charter schools: application: requirements: immunity: exemptions: renewal of application: reprisal: fee: funds: annual reports

A. An applicant seeking to establish a charter school shall submit a written application to a proposed sponsor as prescribed in subsection C of this section. The application, application process and application time frames shall be posted on the sponsor's website and shall include the following, as specified in the application adopted by the sponsor:

1. A detailed educational plan.
2. A detailed business plan.
3. A detailed operational plan.
4. Any other materials required by the sponsor.

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

4       C. The sponsor of a charter school may be either ~~a school district~~  
5 ~~governing board~~, the state board of education, the state board for charter  
6 schools, a university under the jurisdiction of the Arizona board of regents,  
7 a community college district with enrollment of more than fifteen thousand  
8 full-time equivalent students or a group of community college districts with  
9 a combined enrollment of more than fifteen thousand full-time equivalent  
10 students, subject to the following requirements:

11       ~~1. For charter schools that submit an application for sponsorship to a~~  
12 ~~school district governing board:~~

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

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

30       ~~(c) In the second consecutive year that a school district is~~  
31 ~~determined to be out of compliance with the uniform system of financial~~  
32 ~~records, within fifteen days of the determination of noncompliance, the~~  
33 ~~school district shall notify by certified mail each charter school sponsored~~  
34 ~~by the school district that the school district is out of compliance with the~~  
35 ~~uniform system of financial records. A charter school that receives a~~  
36 ~~notification of school district noncompliance pursuant to this subdivision~~  
37 ~~shall file a written sponsorship transfer application within forty-five days~~  
38 ~~with the state board of education, the state board for charter schools or the~~  
39 ~~school district governing board if the charter school is located within the~~  
40 ~~geographic boundaries of that school district. A charter school that~~  
41 ~~receives a notification of school district noncompliance may request an~~  
42 ~~extension of time to file a sponsorship transfer application, and the state~~  
43 ~~board of education, the state board for charter schools or a school district~~  
44 ~~governing board may grant an extension of not more than an additional thirty~~  
45 ~~days if good cause exists for the extension. The state board of education~~

1 and the state board for charter schools shall approve a sponsorship transfer  
2 application pursuant to this paragraph.

3 (d) A school district governing board shall not grant a charter to a  
4 charter school that is located outside the geographic boundaries of that  
5 school district.

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

9 (f) Notwithstanding any other law, a school district governing board  
10 shall not grant a charter to a new charter school that begins initial  
11 operations after June 30, 2013 or convert an existing district public school  
12 to a charter school that begins initial operations after June 30, 2013.

13 1. AN APPLICANT MAY NOT SUBMIT AN APPLICATION FOR SPONSORSHIP TO ANY  
14 PERSON OR ENTITY OTHER THAN THOSE PRESCRIBED IN THIS SUBSECTION.

15 2. The applicant may submit the application to the state board of  
16 education or the state board for charter schools. Notwithstanding any other  
17 law, neither the state board for charter schools nor the state board of  
18 education shall grant a charter to a school district governing board for a  
19 new charter school that begins initial operations after June 30, 2013 or for  
20 the conversion of an existing district public school to a charter school that  
21 begins initial operations after June 30, 2013. The state board of education  
22 or the state board for charter schools may approve the application if the  
23 application meets the requirements of this article and may approve the  
24 charter if the proposed sponsor determines, within its sole discretion, that  
25 the applicant is sufficiently qualified to operate a charter school and that  
26 the applicant is applying to operate as a separate charter holder by  
27 considering factors such as whether:

28 (a) The schools have separate governing bodies, governing body  
29 membership, staff, facilities and student population.

30 (b) Daily operations are carried out by different administrators.

31 (c) The applicant intends to have an affiliation agreement for the  
32 purpose of providing enrollment preferences.

33 (d) The applicant's charter management organization has multiple  
34 charter holders serving varied grade configurations on one physical site or  
35 nearby sites serving one community.

36 (e) It is reconstituting an existing school site population at the  
37 same or new site.

38 (f) It is reconstituting an existing grade configuration from a prior  
39 charter holder with at least one grade remaining on the original site with  
40 the other grade or grades moving to a new site. The state board of education  
41 or the state board for charter schools may approve any charter schools  
42 transferring charters. ~~The state board of education and the state board for  
43 charter schools shall approve any charter schools transferring charters from  
44 a school district that is determined to be out of compliance with the uniform  
45 system of financial records pursuant to this section, but may require the~~

1 ~~charter school to sign a new charter that is equivalent to the charter~~  
2 ~~awarded by the former sponsor.~~ If the state board of education or the state  
3 board for charter schools rejects the preliminary application, the state  
4 board of education or the state board for charter schools shall notify the  
5 applicant in writing of the reasons for the rejection and of suggestions for  
6 improving the application. An applicant may submit a revised application for  
7 reconsideration by the state board of education or the state board for  
8 charter schools. The applicant may request, and the state board of education  
9 or the state board for charter schools may provide, technical assistance to  
10 improve the application.

11 3. The applicant may submit the application to a university under the  
12 jurisdiction of the Arizona board of regents, a community college district or  
13 a group of community college districts. A university, a community college  
14 district or a group of community college districts shall not grant a charter  
15 to a school district governing board for a new charter school that begins  
16 initial operations after June 30, 2013 or for the conversion of an existing  
17 district public school to a charter school that begins initial operations  
18 after June 30, 2013. A university, a community college district or a group  
19 of community college districts may approve the application if it meets the  
20 requirements of this article and if the proposed sponsor determines, in its  
21 sole discretion, that the applicant is sufficiently qualified to operate a  
22 charter school.

23 4. Each applicant seeking to establish a charter school shall submit a  
24 full set of fingerprints to the approving agency for the purpose of obtaining  
25 a state and federal criminal records check pursuant to section 41-1750 and  
26 Public Law 92-544. If an applicant will have direct contact with students,  
27 the applicant shall possess a valid fingerprint clearance card that is issued  
28 pursuant to title 41, chapter 12, article 3.1. The department of public  
29 safety may exchange this fingerprint data with the federal bureau of  
30 investigation. The criminal records check shall be completed before the  
31 issuance of a charter.

32 5. All persons engaged in instructional work directly as a classroom,  
33 laboratory or other teacher or indirectly as a supervisory teacher, speech  
34 therapist or principal shall have a valid fingerprint clearance card that is  
35 issued pursuant to title 41, chapter 12, article 3.1, unless the person is a  
36 volunteer or guest speaker who is accompanied in the classroom by a person  
37 with a valid fingerprint clearance card. A charter school shall not employ a  
38 teacher whose certificate has been surrendered or revoked, unless the  
39 teacher's certificate has been subsequently reinstated by the state board of  
40 education. All other personnel shall be fingerprint checked pursuant to  
41 section 15-512, or the charter school may require those personnel to obtain a  
42 fingerprint clearance card issued pursuant to title 41, chapter 12,  
43 article 3.1. Before employment, the charter school shall make documented,  
44 good faith efforts to contact previous employers of a person to obtain  
45 information and recommendations that may be relevant to a person's fitness

1 for employment as prescribed in section 15-512, subsection F. The charter  
2 school shall notify the department of public safety if the charter school or  
3 sponsor receives credible evidence that a person who possesses a valid  
4 fingerprint clearance card is arrested for or is charged with an offense  
5 listed in section 41-1758.03, subsection B. Charter schools may hire  
6 personnel that have not yet received a fingerprint clearance card if proof is  
7 provided of the submission of an application to the department of public  
8 safety for a fingerprint clearance card and if the charter school that is  
9 seeking to hire the applicant does all of the following:

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

12 (b) Ensures that the department of public safety completes a statewide  
13 criminal records check on the applicant. A statewide criminal records check  
14 shall be completed by the department of public safety every one hundred  
15 twenty days until the date that the fingerprint check is completed or the  
16 fingerprint clearance card is issued or denied.

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

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

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

25 (f) Verifies the fingerprint status of the applicant with the  
26 department of public safety.

27 6. A charter school that complies with the fingerprinting requirements  
28 of this section shall be deemed to have complied with section 15-512 and is  
29 entitled to the same rights and protections provided to school districts by  
30 section 15-512.

31 7. If a charter school operator is not already subject to a public  
32 meeting or hearing by the municipality in which the charter school is  
33 located, the operator of a charter school shall conduct a public meeting at  
34 least thirty days before the charter school operator opens a site or sites  
35 for the charter school. The charter school operator shall post notices of  
36 the public meeting in at least three different locations that are within  
37 three hundred feet of the proposed charter school site.

38 8. A person who is employed by a charter school or who is an applicant  
39 for employment with a charter school, who is arrested for or charged with a  
40 nonappealable offense listed in section 41-1758.03, subsection B and who does  
41 not immediately report the arrest or charge to the person's supervisor or  
42 potential employer is guilty of unprofessional conduct and the person shall  
43 be immediately dismissed from employment with the charter school or  
44 immediately excluded from potential employment with the charter school.

1       9. A person who is employed by a charter school and who is convicted  
2 of any nonappealable offense listed in section 41-1758.03, subsection B or is  
3 convicted of any nonappealable offense that amounts to unprofessional conduct  
4 under section 15-550 shall immediately do all of the following:

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

6       (b) Notify the person's employer or potential employer of the  
7 conviction.

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

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

10      D. An entity that is authorized to sponsor charter schools pursuant to  
11 this article has no legal authority over or responsibility for a charter  
12 school sponsored by a different entity. This subsection does not apply to  
13 the state board of education's duty to exercise general supervision over the  
14 public school system pursuant to section 15-203, subsection A, paragraph 1.

15      E. The charter of a charter school shall do all of the following:

16       1. Ensure compliance with federal, state and local rules, regulations  
17 and statutes relating to health, safety, civil rights and insurance. The  
18 department of education shall publish a list of relevant rules, regulations  
19 and statutes to notify charter schools of their responsibilities under this  
20 paragraph.

21       2. Ensure that it is nonsectarian in its programs, admission policies  
22 and employment practices and all other operations.

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

28       4. Ensure that it designs a method to measure pupil progress toward  
29 the pupil outcomes adopted by the state board of education pursuant to  
30 section 15-741.01, including participation in the Arizona instrument to  
31 measure standards test and the nationally standardized norm-referenced  
32 achievement test as designated by the state board and the completion and  
33 distribution of an annual report card as prescribed in chapter 7, article 3  
34 of this title.

35       5. Ensure that, except as provided in this article and in its charter,  
36 it is exempt from all statutes and rules relating to schools, governing  
37 boards and school districts.

38       6. Ensure that, except as provided in this article, it is subject to  
39 the same financial and electronic data submission requirements as a school  
40 district, including the uniform system of financial records as prescribed in  
41 chapter 2, article 4 of this title, procurement rules as prescribed in  
42 section 15-213 and audit requirements. The auditor general shall conduct a  
43 comprehensive review and revision of the uniform system of financial records  
44 to ensure that the provisions of the uniform system of financial records that  
45 relate to charter schools are in accordance with commonly accepted accounting

1 principles used by private business. A school's charter may include  
2 exceptions to the requirements of this paragraph that are necessary as  
3 determined by ~~the district governing board~~, the university, the community  
4 college district, the group of community college districts, the state board  
5 of education or the state board for charter schools. The department of  
6 education or the office of the auditor general may conduct financial, program  
7 or compliance audits.

8 7. Ensure compliance with all federal and state laws relating to the  
9 education of children with disabilities in the same manner as a school  
10 district.

11 8. Ensure that it provides for a governing body for the charter school  
12 that is responsible for the policy decisions of the charter school.  
13 Notwithstanding section 1-216, if there is a vacancy or vacancies on the  
14 governing body, a majority of the remaining members of the governing body  
15 constitute a quorum for the transaction of business, unless that quorum is  
16 prohibited by the charter school's operating agreement.

17 9. Ensure that it provides a minimum of one hundred eighty  
18 instructional days before June 30 of each fiscal year unless it is operating  
19 on an alternative calendar approved by its sponsor. The superintendent of  
20 public instruction shall adjust the apportionment schedule accordingly to  
21 accommodate a charter school utilizing an alternative calendar.

22 F. A charter school shall keep on file the resumes of all current and  
23 former employees who provide instruction to pupils at the charter school.  
24 Resumes shall include an individual's educational and teaching background and  
25 experience in a particular academic content subject area. A charter school  
26 shall inform parents and guardians of the availability of the resume  
27 information and shall make the resume information available for inspection on  
28 request of parents and guardians of pupils enrolled at the charter school.  
29 This subsection does not require any charter school to release personally  
30 identifiable information in relation to any teacher or employee, including  
31 the teacher's or employee's address, salary, social security number or  
32 telephone number.

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

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

36 I. The charter is effective for fifteen years from the first day of  
37 the fiscal year as specified in the charter, subject to the following:

38 1. At least eighteen months before the expiration of the charter, the  
39 sponsor shall notify the charter school that the charter school may apply for  
40 renewal and shall make the renewal application available to the charter  
41 school. A charter school that elects to apply for renewal shall file a  
42 complete renewal application at least fifteen months before the expiration of  
43 the charter. A sponsor shall give written notice of its intent not to renew  
44 the charter school's request for renewal to the charter school at least  
45 twelve months before the expiration of the charter. The sponsor shall make

1 data used in making renewal decisions available to the school and the public  
2 and shall provide a public report summarizing the evidence basis for each  
3 decision. The sponsor may deny the request for renewal if, in its judgment,  
4 the charter holder has failed to do any of the following:

5 (a) Meet or make sufficient progress toward the academic performance  
6 expectations set forth in the performance framework.

7 (b) Meet the operational performance expectations set forth in the  
8 performance framework or any improvement plans.

9 (c) Complete the obligations of the contract.

10 (d) Comply with this article or any provision of law from which the  
11 charter school is not exempt.

12 2. A charter operator may apply for early renewal. At least nine  
13 months before the charter school's intended renewal consideration, the  
14 operator of the charter school shall submit a letter of intent to the sponsor  
15 to apply for early renewal. The sponsor shall review fiscal audits and  
16 academic performance data for the charter school that are annually collected  
17 by the sponsor, review the current contract between the sponsor and the  
18 charter school and provide the qualifying charter school with a renewal  
19 application. On submission of a complete application, the sponsor shall give  
20 written notice of its consideration of the renewal application. The sponsor  
21 may deny the request for early renewal if, in the sponsor's judgment, the  
22 charter holder has failed to do any of the following:

23 (a) Meet or make sufficient progress toward the academic performance  
24 expectations set forth in the performance framework.

25 (b) Meet the operational performance expectations set forth in the  
26 performance framework or any improvement plans.

27 (c) Complete the obligations of the contract.

28 (d) Comply with this article or any provision of law from which the  
29 charter school is not exempt.

30 3. A sponsor shall review a charter at five-year intervals using a  
31 performance framework adopted by the sponsor and may revoke a charter at any  
32 time if the charter school breaches one or more provisions of its charter or  
33 if the sponsor determines that the charter holder has failed to do any of the  
34 following:

35 (a) Meet or make sufficient progress toward the academic performance  
36 expectations set forth in the performance framework.

37 (b) Meet the operational performance expectations set forth in the  
38 performance framework or any improvement plans.

39 (c) Comply with this article or any provision of law from which the  
40 charter school is not exempt.

41 4. In determining whether to renew or revoke a charter holder, the  
42 sponsor must consider making sufficient progress toward the academic  
43 performance expectations set forth in the sponsor's performance framework as  
44 one of the most important factors.

1       5. At least sixty days before the effective date of the proposed  
2 revocation, the sponsor shall give written notice to the operator of the  
3 charter school of its intent to revoke the charter. Notice of the sponsor's  
4 intent to revoke the charter shall be delivered personally to the operator of  
5 the charter school or sent by certified mail, return receipt requested, to  
6 the address of the charter school. The notice shall incorporate a statement  
7 of reasons for the proposed revocation of the charter. The sponsor shall  
8 allow the charter school at least sixty days to correct the problems  
9 associated with the reasons for the proposed revocation of the charter. The  
10 final determination of whether to revoke the charter shall be made at a  
11 public hearing called for such purpose.

12       J. The charter may be renewed for successive periods of twenty years.

13       K. A charter school that is sponsored by the state board of education,  
14 the state board for charter schools, a university, a community college  
15 district or a group of community college districts may not be located on the  
16 property of a school district unless the district governing board grants this  
17 authority.

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

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

- 32           (a) Disciplinary or corrective action.
- 33           (b) Detail, transfer or reassignment.
- 34           (c) Suspension, demotion or dismissal.
- 35           (d) An unfavorable performance evaluation.
- 36           (e) A reduction in pay, benefits or awards.
- 37           (f) Elimination of the employee's position without a reduction in  
38 force by reason of lack of monies or work.

39       (g) Other significant changes in duties or responsibilities that are  
40 inconsistent with the employee's salary or employment classification.

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

- 43           (a) Suspension or termination of the program.
- 44           (b) Transfer or reassignment of the program to a less favorable  
45 department.

(c) Relocation of the program to a less favorable site within the school or school district.

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

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

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

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

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

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

R. The sponsoring entity of a charter school shall have oversight and administrative responsibility for the charter schools that it sponsors. In implementing its oversight and administrative responsibilities, the sponsor shall ground its actions in evidence of the charter holder's performance in accordance with the performance framework adopted by the sponsor. The performance framework shall be publicly available, shall be placed on the sponsoring entity's website and shall include:

1. The academic performance expectations of the charter school and the measurement of sufficient progress toward the academic performance expectations.

2. The operational expectations of the charter school, including adherence to all applicable laws and obligations of the charter contract.

### 3. Intervention and improvement policies.

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

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

property of the charter school.

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

12       V. A transfer of a charter to another sponsor, a transfer of a charter  
13 school site to another sponsor or a transfer of a charter school site to a  
14 different charter shall be completed before the beginning of the fiscal year  
15 that the transfer is scheduled to become effective. An entity that sponsors  
16 charter schools may accept a transferring school after the beginning of the  
17 fiscal year if the transfer is approved by the superintendent of public  
18 instruction. The superintendent of public instruction shall have the  
19 discretion to consider each transfer during the fiscal year on a case by case  
20 basis. ~~If a charter school is sponsored by a school district that is  
21 determined to be out of compliance with this title, the uniform system of  
22 financial records or any other state or federal law, the charter school may  
23 transfer to another sponsoring entity at any time during the fiscal year.~~ A  
24 charter holder seeking to transfer sponsors shall comply with the current  
25 charter terms regarding assignment of the charter. A charter holder  
26 transferring sponsors shall notify the current sponsor that the transfer has  
27 been approved by the new sponsor.

28       W. Notwithstanding subsection V of this section, a charter holder on  
29 an improvement plan must notify parents or guardians of registered students  
30 of the intent to transfer the charter and the timing of the proposed  
31 transfer. On the approved transfer, the new sponsor shall enforce the  
32 improvement plan but may modify the plan based on performance.

33       X. Notwithstanding subsection Y of this section, the state board for  
34 charter schools shall charge a processing fee to any charter school that  
35 amends its contract to participate in Arizona online instruction pursuant to  
36 section 15-808. The charter Arizona online instruction processing fund is  
37 established consisting of fees collected and administered by the state board  
38 for charter schools. The state board for charter schools shall use monies in  
39 the fund only for the processing of contract amendments for charter schools  
40 participating in Arizona online instruction. Monies in the fund are  
41 continuously appropriated.

42       Y. The sponsoring entity may not charge any fees to a charter school  
43 that it sponsors unless the sponsor has provided services to the charter  
44 school and the fees represent the full value of those services provided by

1 the sponsor. On request, the value of the services provided by the sponsor  
2 to the charter school shall be demonstrated to the department of education.

3 Z. Charter schools may enter into an intergovernmental agreement with  
4 a presiding judge of the juvenile court to implement a law related education  
5 program as defined in section 15-154. The presiding judge of the juvenile  
6 court may assign juvenile probation officers to participate in a law related  
7 education program in any charter school in the county. The cost of juvenile  
8 probation officers who participate in the program implemented pursuant to  
9 this subsection shall be funded by the charter school.

10 AA. The sponsor of a charter school shall modify previously approved  
11 curriculum requirements for a charter school that wishes to participate in  
12 the board examination system prescribed in chapter 7, article 6 of this  
13 title.

14 BB. If a charter school decides not to participate in the board  
15 examination system prescribed in chapter 7, article 6 of this title, pupils  
16 enrolled at that charter school may earn a Grand Canyon diploma by obtaining  
17 a passing score on the same board examinations.

18 CC. Notwithstanding subsection Y of this section, a sponsor of charter  
19 schools may charge a new charter application processing fee to any applicant.  
20 The application fee shall fully cover the cost of application review and any  
21 needed technical assistance. Authorizers may approve policies that allow a  
22 portion of the fee to be returned to the applicant whose charter is approved.

23 DD. A charter school may choose to provide a preschool program for  
24 children with disabilities pursuant to section 15-771.

25 EE. Pursuant to the prescribed graduation requirements adopted by the  
26 state board of education, the governing body of a charter school operating a  
27 high school may approve a rigorous computer science course that would fulfill  
28 a mathematics course required for graduation from high school. The governing  
29 body may approve a rigorous computer science course only if the rigorous  
30 computer science course includes significant mathematics content and the  
31 governing body determines the high school where the rigorous computer science  
32 course is offered has sufficient capacity, infrastructure and qualified  
33 staff, including competent teachers of computer science.

34 FF. A charter school may permit the use of school property, including  
35 school buildings, grounds, buses and equipment, by any person, group or  
36 organization for any lawful purpose, including a recreational, educational,  
37 political, economic, artistic, moral, scientific, social, religious or other  
38 civic or governmental purpose. The charter school may charge a reasonable  
39 fee for the use of the school property.

40 GG. A charter school and its employees, including the governing body,  
41 or chief administrative officer, are immune from civil liability with respect  
42 to all decisions made and actions taken to allow the use of school property,  
43 unless the charter school or its employees are guilty of gross negligence or  
44 intentional misconduct. This subsection does not limit any other immunity  
45 provisions that are prescribed by law.

1           HH. Sponsors authorized pursuant to this section shall submit an  
2 annual report to the auditor general on or before October 1 ~~of each year~~.  
3 The report shall include:

4           1. The current number of charters authorized and the number of schools  
5 operated by authorized charter holders.

6           2. The academic and operational performance of the sponsor's charter  
7 portfolio as measured by the sponsor's adopted performance framework.

8           3. **FOR THE PRIOR YEAR**, the number of new charters approved, ~~and~~ the  
9 number of charter schools closed and **THE** reason for the closure ~~in the prior~~  
10 ~~year~~.

11           4. The sponsor's application, amendment, renewal and revocation  
12 processes, charter contract template and current performance framework as  
13 required by this section.

14           II. The auditor general shall prescribe the format for the annual  
15 report required by subsection HH of this section and may require that the  
16 annual report be submitted electronically. The auditor general shall review  
17 the submitted annual reports to ensure that the reports include the required  
18 items in subsection HH of this section and shall make the annual reports  
19 available upon request. If the auditor general finds significant  
20 noncompliance or ~~a sponsor's failure~~ **IF A SPONSOR FAILS** to submit the annual  
21 report required by subsection HH of this section, on or before December 31 of  
22 each year the auditor general shall report to the governor, the president of  
23 the senate, the speaker of the house of representatives and the chairs of the  
24 senate and house education committees or their successor committees, and the  
25 legislature shall consider revoking the sponsor's authority to sponsor  
26 charter schools.

27           Sec. 4. Section 15-184, Arizona Revised Statutes, is amended to read:

28           **15-184. Charter schools: admissions requirements**

29           A. A charter school shall enroll all eligible pupils who submit a  
30 timely application, unless the number of applications exceeds the capacity of  
31 a program, class, grade level or building.

32           B. A charter school shall give enrollment preference to pupils  
33 returning to the charter school in the second or any subsequent year of its  
34 operation and to siblings of pupils already enrolled in the charter school.

35           C. ~~A charter school that is sponsored by a school district governing  
36 board shall give enrollment preference to eligible pupils who reside within  
37 the boundaries of the school district where the charter school is physically  
38 located.~~

39           D. C. A charter school may give enrollment preference to and reserve  
40 capacity for pupils who either:

41           1. Are children, grandchildren or legal wards of any of the following:

42           (a) Employees of the school.

43           (b) Employees of the charter holder.

44           (c) Members of the governing body of the school.

1 (d) Directors, officers, partners or board members of the charter  
2 holder.

3        2. Attended another charter school or are the siblings of that pupil  
4 if the charter school previously attended by the pupil has the identical  
5 charter holder, board and governing board membership as the enrolling charter  
6 school or is managed by the same educational management organization, charter  
7 management organization or educational service provider as determined by the  
8 charter authorizer.

9           E. D. If remaining capacity is insufficient to enroll all pupils who  
10 submit a timely application, the charter school shall select pupils through  
11 an equitable selection process such as a lottery except that preference shall  
12 be given to siblings of a pupil selected through an equitable selection  
13 process such as a lottery.

14        F. Except as provided in subsections A through D-C of this  
15 section, a charter school shall not limit admission based on ethnicity,  
16 national origin, gender, income level, disabling condition, proficiency in  
17 the English language or athletic ability.

18           **G.**   A charter school may limit admission to pupils within a given  
19   age group or grade level.

20 ~~H.~~ G. A charter school may provide instruction to pupils of a single  
21 gender with the approval of the sponsor of the charter school. An existing  
22 charter school may amend its charter to provide instruction to pupils of a  
23 single gender, and if approved by the sponsor of the charter school, may  
24 provide instruction to pupils of a single gender at the beginning of the next  
25 school year.

26 ~~H.~~ A charter school shall admit pupils who reside in the  
27 attendance area of a school or who reside in a school district that is under  
28 a court order of desegregation or that is a party to an agreement with the  
29 United States department of education office for civil rights directed toward  
30 remediating alleged or proven racial discrimination unless notice is received  
31 from the resident school that the admission would violate the court order or  
32 agreement. If a charter school admits a pupil after notice is received that  
33 the admission would constitute such a violation, the charter school is not  
34 allowed to include in its student count the pupils wrongfully admitted.

35           **J.** I. A charter school may refuse to admit any pupil who has been  
36 expelled from another educational institution or who is in the process of  
37 being expelled from another educational institution.

38 Sec. 5. Section 15-185, Arizona Revised Statutes, is amended to read:

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

1. The charter school shall be included in the district's budget and financial assistance calculations pursuant to paragraph 3 of this subsection and chapter 9 of this title, except for chapter 9, article 4 of this title.

1 The charter of the charter school shall include a description of the methods  
2 of funding the charter school by the school district. The school district  
3 shall send a copy of the charter and application, including a description of  
4 how the school district plans to fund the school, to the state board of  
5 education before the start of the first fiscal year of operation of the  
6 charter school. The charter or application shall include an estimate of the  
7 student count for the charter school for its first fiscal year of operation.  
8 This estimate shall be computed pursuant to the requirements of paragraph 3  
9 of this subsection.

10 2. A school district is not financially responsible for any  
11 charter school that is sponsored by the state board of education, the state  
12 board for charter schools, a university under the jurisdiction of the Arizona  
13 board of regents, a community college district or a group of community  
14 college districts.

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

16 (a) Increase its student count as provided in subsection B, paragraph  
17 2 of this section during the first year of the charter school's operation to  
18 include those charter school pupils who were not previously enrolled in the  
19 school district. A charter school sponsored by a school district governing  
20 board is eligible for the charter additional assistance prescribed in  
21 subsection B, paragraph 4 of this section. The district additional  
22 assistance allocation as provided in section 15-961 for the school district  
23 sponsoring the charter school shall be increased by the amount of the charter  
24 additional assistance. The school district shall include the full amount of  
25 the charter additional assistance in the funding provided to the charter  
26 school.

27 (b) Compute separate weighted student counts pursuant to section  
28 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
29 school pupils in order to maintain eligibility for small school district  
30 support level weights authorized in section 15-943, paragraph 1 for its  
31 noncharter school pupils only. The portion of a district's student count  
32 that is attributable to charter school pupils is not eligible for small  
33 school district support level weights.

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

38 5. A school district that sponsors a charter school is not eligible to  
39 include the charter school pupils in its student count for the purpose of  
40 computing an increase in its district additional assistance as provided in  
41 section 15-961, subsection B, except that if the charter school was  
42 previously a school in the district, the district may include in its student  
43 count any charter school pupils who were enrolled in the school district in  
44 the prior year.

1       6. 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 the revenue control limit which is used to determine the maximum  
4 budget increase as provided in chapter 4, article 4 of this title unless the  
5 charter school is located within the boundaries of the school district.

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

16      B. Financial provisions for a charter school that is sponsored by the  
17 state board of education, the state board for charter schools, a university,  
18 a community college district or a group of community college districts are as  
19 follows:

20      1. The charter school shall calculate a base support level as  
21 prescribed in section 15-943, except that:

22       (a) Section 15-941 does not apply to these charter schools.

23       (b) The small school weights prescribed in section 15-943, paragraph 1  
24 apply if a charter holder, as defined in section 15-101, holds one charter  
25 for one or more school sites and the average daily membership for the school  
26 sites are combined for the calculation of the small school weight. The small  
27 school weight shall not be applied individually to a charter holder if one or  
28 more of the following conditions ~~exists~~ EXIST and the combined average daily  
29 membership derived from the following conditions is greater than six hundred:

30       (i) The organizational structure or management agreement of the  
31 charter holder requires the charter holder or charter school to contract with  
32 a specific management company.

33       (ii) The governing body of the charter holder has identical membership  
34 to another charter holder in this state.

35       (iii) The charter holder is a subsidiary of a corporation that has  
36 other subsidiaries that are charter holders in this state.

37       (iv) The charter holder holds more than one charter in this state.

38       (c) Notwithstanding subdivision (b) of this paragraph, for fiscal year  
39 2015-2016 the department of education shall reduce by thirty-three percent  
40 the amount provided by the small school weight for charter schools prescribed  
41 in subdivision (b) of this paragraph.

42       (d) Notwithstanding subdivision (b) of this paragraph, for fiscal year  
43 2016-2017 the department of education shall reduce by ~~sixty-seven~~ FIFTY-THREE  
44 percent the amount provided by the small school weight for affiliated charter  
45 schools prescribed in subdivision (b) of this paragraph.

16 (f) NOTWITHSTANDING SUBDIVISION (e) OF THIS PARAGRAPH, FOR FISCAL YEAR  
17 2017-2018 AND ANNUALLY THEREAFTER, THE DEPARTMENT SHALL REDUCE BY  
18 SEVENTY-THREE PERCENT RATHER THAN ONE HUNDRED PERCENT THE AMOUNT PROVIDED BY  
19 THE SMALL SCHOOL WEIGHT FOR AFFILIATED CHARTER SCHOOLS PRESCRIBED IN  
20 SUBDIVISION (b) OF THIS PARAGRAPH FOR A CHARTER SCHOOL SERVING ELEMENTARY  
21 GRADES THAT IS LOCATED LESS THAN THREE MILES FROM AN AFFILIATED CHARTER  
22 SCHOOL THAT ALSO SERVES ELEMENTARY GRADES IF THE COMBINED AVERAGE DAILY  
23 MEMBERSHIP FOR KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT IS LESS  
24 THAN SIX HUNDRED AND THE DEPARTMENT SHALL REDUCE BY SEVENTY-THREE PERCENT  
25 RATHER THAN ONE HUNDRED PERCENT THE AMOUNT PROVIDED BY THE SMALL SCHOOL  
26 WEIGHT FOR AFFILIATED CHARTER SCHOOLS PRESCRIBED IN SUBDIVISION (b) OF THIS  
27 PARAGRAPH FOR A CHARTER SCHOOL SERVING SECONDARY GRADES THAT IS LOCATED LESS  
28 THAN THREE MILES FROM AN AFFILIATED CHARTER SCHOOL THAT ALSO SERVES SECONDARY  
29 GRADES IF THE COMBINED AVERAGE DAILY MEMBERSHIP FOR GRADES NINE THROUGH  
30 TWELVE IS LESS THAN SIX HUNDRED. FOR THE PURPOSES OF THIS SUBDIVISION, "LESS  
31 THAN THREE MILES" MEANS LESS THAN THREE MILES USING THE SHORTEST SURFACE  
32 ROUTE SUGGESTED BY COMMON TRIP-PLANNING SOFTWARE.

33       2. Notwithstanding paragraph 1 of this subsection, the student count  
34 shall be determined initially using an estimated student count based on  
35 actual registration of pupils before the beginning of the school year.  
36 Notwithstanding section 15-1042, subsection F, student level data submitted  
37 to the department may be used to determine estimated student counts. After  
38 the first forty days, one hundred days or two hundred days in session, as  
39 applicable, the charter school shall revise the student count to be equal to  
40 the actual average daily membership, as defined in section 15-901, of the  
41 charter school. Before the fortieth day, one hundredth day or two hundredth  
42 day in session, as applicable, the state board of education, the state board  
43 for charter schools, the sponsoring university, the sponsoring community  
44 college district or the sponsoring group of community college districts may  
45 require a charter school to report periodically regarding pupil enrollment

1 and attendance, and the department of education may revise its computation of  
2 equalization assistance based on the report. A charter school shall revise  
3 its student count, base support level and charter additional assistance  
4 before May 15. A charter school that overestimated its student count shall  
5 revise its budget before May 15. A charter school that underestimated its  
6 student count may revise its budget before May 15.

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

10 4. Equalization assistance for the charter school shall be determined  
11 by adding the amount of the base support level and charter additional  
12 assistance. The amount of the charter additional assistance is one thousand  
13 seven hundred ~~thirty-four~~ FIFTY-TWO dollars ~~ninety-two~~ TEN cents per student  
14 count in preschool programs for children with disabilities, kindergarten  
15 programs and grades one through eight and two thousand ~~twenty-two~~ FORTY-TWO  
16 dollars ~~two~~ FOUR cents per student count in grades nine through twelve.

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

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

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

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

1 public school and the charter school. The uniform system of financial  
2 records shall include guidelines for the apportionment of the pupil  
3 enrollment and attendance as provided in this section.

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

16 1. Equalization assistance shall not be less than zero.  
17 2. For a charter school sponsored by the state board of education, the  
18 state board for charter schools, a university, a community college district  
19 or a group of community college districts, the total of the base support  
20 level and the charter additional assistance shall not be less than zero.

21 3. ~~For a charter school sponsored by a school district, the base  
22 support level for the school district shall not be reduced by more than the  
23 amount that the charter school increased the district's base support level  
24 and district additional assistance allocation.~~

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

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

39 G. At the request of a charter school, the county school  
40 superintendent of the county where the charter school is located may provide  
41 the same educational services to the charter school as prescribed in section  
42 15-308, subsection A. The county school superintendent may charge a fee to  
43 recover costs for providing educational services to charter schools.

44 H. If the sponsor of the charter school determines at a public meeting  
45 that the charter school is not in compliance with federal law, with the laws

1 of this state or with its charter, the sponsor of a charter school may submit  
2 a request to the department of education to withhold up to ten percent of the  
3 monthly apportionment of state aid that would otherwise be due the charter  
4 school. The department of education shall adjust the charter school's  
5 apportionment accordingly. The sponsor shall provide written notice to the  
6 charter school at least seventy-two hours before the meeting and shall allow  
7 the charter school to respond to the allegations of noncompliance at the  
8 meeting before the sponsor makes a final determination to notify the  
9 department of education of noncompliance. The charter school shall submit a  
10 corrective action plan to the sponsor on a date specified by the sponsor at  
11 the meeting. The corrective action plan shall be designed to correct  
12 deficiencies at the charter school and to ensure that the charter school  
13 promptly returns to compliance. When the sponsor determines that the charter  
14 school is in compliance, the department of education shall restore the full  
15 amount of state aid payments to the charter school.

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

36 J. A charter school may receive and spend monies distributed by the  
37 department of education pursuant to section 42-5029, subsection E and section  
38 37-521, subsection B.

39 K. If a school district transports or contracts to transport pupils to  
40 the Arizona state schools for the deaf and the blind during any fiscal year,  
41 the school district may transport or contract with a charter school to  
42 transport sensory impaired pupils during that same fiscal year to a charter  
43 school if requested by the parent of the pupil and if the distance from the  
44 pupil's place of actual residence within the school district to the charter  
45 school is less than the distance from the pupil's place of actual residence

1 within the school district to the campus of the Arizona state schools for the  
2 deaf and the blind.

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

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

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

21 O. If permitted by federal law, a charter school may opt out of  
22 federal grant opportunities if the charter holder or the appropriate  
23 governing body of the charter school determines that the federal requirements  
24 impose unduly burdensome reporting requirements.

25 P. For the purposes of this section, ~~+~~

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

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

38 Sec. 6. Section 15-187, Arizona Revised Statutes, is amended to read:

39 ~~15-187. Charter schools; teachers; employment benefits~~

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

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

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

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

10       C. A charter school that is sponsored by ~~a school district governing~~  
11 ~~board~~, a university, a community college district, a group of community  
12 college districts, the state board of education or the state board for  
13 charter schools is eligible to participate in the Arizona state retirement  
14 system pursuant to title 38, chapter 5, article 2. The charter school is a  
15 political subdivision of this state for purposes of title 38, chapter 5,  
16 article 2.

17       D. Notwithstanding any other law, a charter school shall not adopt  
18 policies that provide employment retention priority for teachers based on  
19 tenure or seniority.

20       Sec. 7. Section 15-217, Arizona Revised Statutes, is amended to read:

21       15-217. K-6 technology-based language development and literacy  
22                   intervention pilot program; educational technology  
23                   provider; review; reports; fund

24       A. The state board of education shall develop a two-year pilot program  
25 for K-6 technology-based language development and literacy intervention. The  
26 state board shall develop application procedures and selection criteria for  
27 school districts and charter schools that voluntarily decide to participate  
28 in the pilot program.

29       B. The state board shall submit a request for proposals to educational  
30 technology providers for the delivery of technology-based language  
31 development and literacy intervention software to be made available to all  
32 pupils in kindergarten programs and grades one through six who are enrolled  
33 in schools that participate in the pilot program and who are identified as  
34 English language learners.

35       C. The state board shall establish the format of the applications,  
36 application procedures and selection criteria for educational technology  
37 providers that wish to submit a proposal for the delivery of K-6  
38 technology-based language development and literacy intervention software to  
39 be used in the pilot program. The state board shall select and award a  
40 contract to one educational technology provider to deliver K-6  
41 technology-based language development and literacy intervention software  
42 pursuant to this section. The state board shall distribute monies  
43 appropriated for this purpose to the selected provider.

1       D. The K-6 technology-based language development and literacy  
2 intervention software for English language learners must differentiate  
3 instruction for each pupil and meet all of the following requirements:

4       1. Include instruction individualized to teach each pupil the  
5 following five strands of literacy:

- 6           (a) Phonics.
- 7           (b) Phonemic awareness.
- 8           (c) Vocabulary.
- 9           (d) Comprehension.

10           (e) Fluency.

11       2. Have components that are created for and aligned to state academic  
12 standards. The software must correlate to the Arizona English language  
13 proficiency standards.

14       3. Contain internal assessments, checkpoints, tracking and reports for  
15 teachers, administrators and parents.

16       4. Be used to address varied learner needs and to assist teachers in  
17 tracking pupil growth toward important curricular goals. The software must  
18 have tools and off-line resources that enable teachers to more effectively  
19 meet the individual needs of each pupil.

20       5. Provide immediate feedback to pupils and provide automatic  
21 remediation when needed. The software must provide scaffolding through  
22 illustrations, front-loaded vocabulary, audio support, interactive glossary  
23 words, instructional feedback, strategic questions and adaptive content that  
24 provides extra practice as needed.

25       6. Include grade-appropriate digital books with literature text and  
26 informational text. Pupils must be able to practice reading on the computer  
27 by recording readings and comparing those readings to the reading model.

28       7. Provide implicit and explicit instruction. The software must teach  
29 the core areas of listening and reading comprehension, including intertextual  
30 comprehension.

31       8. Teach pupils academic vocabulary using real and virtual experience  
32 and visuals to introduce vocabulary. The vocabulary must be related to core  
33 content areas and provide additional language development activities for  
34 those pupils requiring this assistance.

35       9. Teach basic interpersonal communicative skills and cognitive  
36 academic language proficiency and assess a pupil's understanding of each.

37       E. The educational technology provider selected pursuant to subsection  
38 C of this section must have experience with large statewide implementations  
39 and the ability to support a statewide level of implementation. The provider  
40 must submit evidence of pupil progress on an annual basis.

41       F. The joint legislative budget committee shall annually review the  
42 results of the delivery of K-6 technology-based language development and  
43 literacy intervention for English language learners through software provided  
44 pursuant to this section.

1       G. On or before September 15, ~~2015~~ 2017, the state board of education  
2 shall submit a progress report on the pilot program to the joint legislative  
3 budget committee. On or before September 15, ~~2016~~ 2018, the state board  
4 shall submit a report to the governor, the president of the senate and the  
5 speaker of the house of representatives regarding the pilot program and  
6 delivery of K-6 technology-based language development and literacy  
7 intervention for English language learners through software provided pursuant  
8 to this section. The report must include a recommendation of whether the  
9 legislature should consider expanding the pilot program as a permanent  
10 statewide program and information on the number of school districts, charter  
11 schools and pupils who participated in the intervention. The state board  
12 shall submit a copy of this report to the secretary of state.

13       H. The technology-based language development and literacy intervention  
14 fund is established consisting of legislative appropriations and monies  
15 transferred into the fund. The department of education shall administer the  
16 fund. Monies in the fund are subject to legislative appropriation. Monies  
17 in the fund must be used for the K-6 technology-based language development  
18 and literacy intervention pilot program established pursuant to this section.  
19 Monies in the fund are exempt from the provisions of section 35-190 relating  
20 to lapsing of appropriations.

21 Sec. 8. Section 15-248.02, Arizona Revised Statutes, is amended to  
22 read:

## 15-248.02. Teacher certification fund; subaccounts

24       A. The teacher certification fund is established consisting of fees  
25 collected pursuant to chapter 5, article 3 of this title and legislative  
26 appropriations. The department of education shall administer the fund and  
27 shall use the monies in the fund for expenses incurred in administering  
28 teacher certification. Monies in the fund are subject to legislative  
29 appropriation and are exempt from the provisions of section 35-190 relating  
30 to lapsing of appropriations.

31           B. THE DEPARTMENT OF EDUCATION SUBACCOUNT IS ESTABLISHED WITHIN THE  
32 TEACHER CERTIFICATION FUND CONSISTING OF EIGHTY-FIVE PERCENT OF THE MONIES  
33 THAT ARE DEPOSITED INTO THE FUND EACH MONTH. THE STATE BOARD OF EDUCATION  
34 SUBACCOUNT IS ESTABLISHED WITHIN THE TEACHER CERTIFICATION FUND CONSISTING OF  
35 FIFTEEN PERCENT OF THE MONIES THAT ARE DEPOSITED INTO THE FUND EACH MONTH.  
36 MONIES IN THE SUBACCOUNTS ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

37 Sec. 9. Section 15-393, Arizona Revised Statutes, is amended to read:

15-393. Joint technical education district governing board; report; definitions

40       A. The management and control of the joint district are vested in the  
41 joint technical education district governing board, including the content and  
42 quality of the courses offered by the district, the quality of teachers who  
43 provide instruction on behalf of the district, the salaries of teachers who  
44 provide instruction on behalf of the district and the reimbursement of other  
45 entities for the facilities used by the district. Unless the governing

1 boards of the school districts participating in the formation of the joint  
2 district vote to implement an alternative election system as provided in  
3 subsection B of this section, the joint board shall consist of five members  
4 elected from five single member districts formed within the joint district.  
5 The single member district election system shall be submitted as part of the  
6 plan for the joint district pursuant to section 15-392 and shall be  
7 established in the plan as follows:

8       1. The governing boards of the school districts participating in the formation of the joint district shall define the boundaries of the single  
9 member districts so that the single member districts are as nearly equal in  
10 population as is practicable, except that if the joint district lies in part  
11 in each of two or more counties, at least one single member district may be  
12 entirely within each of the counties comprising the joint district if this  
13 district design is consistent with the obligation to equalize the population  
14 among single member districts.

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

18       3. A person who is a registered voter of this state and who is a  
19 resident of the single member district is eligible for election to the office  
20 of joint board member from the single member district. The terms of office  
21 of the members of the joint board shall be as prescribed in section 15-427,  
22 subsection B. An employee of a joint technical education district or the  
23 spouse of an employee shall not hold membership on a governing board of a  
24 joint technical education district by which the employee is employed. A  
25 member of one school district governing board or joint technical education  
26 district governing board is ineligible to be a candidate for nomination or  
27 election to or serve simultaneously as a member of any other governing board,  
28 except that a member of a governing board may be a candidate for nomination  
29 or election for any other governing board if the member is serving in the  
30 last year of a term of office. A member of a governing board shall resign  
31 the member's seat on the governing board before becoming a candidate for  
32 nomination or election to the governing board of any other school district or  
33 joint technical education district, unless the member of the governing board  
34 is serving in the last year of a term of office.

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

37       B. The governing boards of the school districts participating in the  
38 formation of the joint district may vote to implement any other alternative  
39 election system for the election of joint district board members. If an  
40 alternative election system is selected, it shall be submitted as part of the  
41 plan for the joint district pursuant to section 15-392, and the  
42 implementation of the system shall be as approved by the United States  
43 justice department.

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

- 3       1. Chapter 1, articles 1 through 6.
- 4       2. Sections 15-208, 15-210, 15-213 and 15-234.
- 5       3. Articles 2, 3 and 5 of this chapter.
- 6       4. Section 15-361.
- 7       5. Chapter 4, articles 1, 2 and 5.
- 8       6. Chapter 5, articles 1, 2 and 3.
- 9       7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729  
10 and 15-730.
- 11       8. Chapter 7, article 5.
- 12       9. Chapter 8, articles 1, 3 and 4.
- 13       10. Sections 15-828 and 15-829.
- 14       11. Chapter 9, article 1, article 6, except for section 15-995, and  
15 article 7.
- 16       12. Sections 15-941, 15-943.01, ~~15-948~~, 15-952, 15-953 and 15-973.
- 17       13. Sections 15-1101 and 15-1104.
- 18       14. Chapter 10, articles 2, 3, 4 and 8.

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

21       1. A joint district may issue bonds for the purposes specified in  
22 section 15-1021 and in chapter 4, article 5 of this title to an amount in the  
23 aggregate, including the existing indebtedness, not exceeding one percent of  
24 the taxable property used for secondary tax purposes, as determined pursuant  
25 to title 42, chapter 15, article 1, within the joint technical education  
26 district as ascertained by the last property tax assessment previous to  
27 issuing the bonds.

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

30       3. The student count for the first year of operation of a joint  
31 technical education district as provided in this article shall be determined  
32 as follows:

33       (a) Determine the estimated student count for joint district classes  
34 that will operate in the first year of operation. This estimate shall be  
35 based on actual registration of pupils as of March 30 scheduled to attend  
36 classes that will be operated by the joint district. The student count for  
37 the district of residence of the pupils registered at the joint district  
38 shall be adjusted. The adjustment shall cause the district of residence to  
39 reduce the student count for the pupil to reflect the courses to be taken at  
40 the joint district. The district of residence shall review and approve the  
41 adjustment of its own student count as provided in this subdivision before  
42 the pupils from the school district can be added to the student count of the  
43 joint district.

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

1       (c) For the first year of operation, the joint district shall revise  
2 the student count to the actual average daily membership as prescribed in  
3 section 15-901, subsection A, paragraph 1 for students attending classes in  
4 the joint district. A joint district shall revise its student count, the  
5 base support level as provided in section 15-943.02, the revenue control  
6 limit as provided in section 15-944.01 and the district additional assistance  
7 as provided in section 15-962.01 prior to May 15. A joint district that  
8 overestimated its student count shall revise its budget prior to May 15. A  
9 joint district that underestimated its student count may revise its budget  
10 prior to May 15.

11      (d) After March 15 of the first year of operation, the district of  
12 residence shall adjust its student count by reducing it to reflect the  
13 courses actually taken at the joint district. The district of residence  
14 shall revise its student count, the base support level as provided in section  
15 15-943, the revenue control limit as provided in section 15-944 and the  
16 district additional assistance as provided in section 15-962.01 prior to  
17 May 15. A district that underestimated the student count for students  
18 attending the joint district shall revise its budget prior to May 15. A  
19 district that overestimated the student count for students attending the  
20 joint district may revise its budget prior to May 15.

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

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

25      ~~(g)~~ (f) Pupils in an approved joint technical education district  
26 centralized program may generate an average daily membership of 1.0 during  
27 any day of the week and at any time between July 1 and June 30 of each fiscal  
28 year.

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

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

38       (a) A student in a kindergarten program or in grades one through nine  
39 who enrolls in courses offered by the joint technical education district  
40 shall not be included in the joint district's student count or average daily  
41 membership.

42       (b) A student in a kindergarten program or in grades one through nine  
43 who is enrolled in career and technical education courses shall not be funded  
44 in whole or in part with monies provided by a joint technical education  
45 district, except that a pupil in grade eight or nine may be funded with

1 monies generated by the five cent qualifying tax rate authorized in  
2 subsection F of this section.

3 (c) Beginning July 1, 2016, a student who has graduated from high  
4 school or received a general equivalency diploma or who is over twenty-one  
5 years of age shall not be included in the student count of the joint district  
6 for the purposes of chapter 9, articles 3, 4 and 5 of this title. ~~A student~~  
7 ~~who has yet to graduate or receive a general equivalency diploma and was~~  
8 ~~lawfully enrolled in a joint technical education district program on January~~  
9 ~~1, 2016 may continue to participate in the program after the effective date~~  
10 ~~of this amendment to this section.~~

11 (d) A student who is enrolled in any internship course as part of a  
12 joint technical education district program shall not be included in the  
13 student count of the joint district for that internship course for the  
14 purposes of chapter 9, articles 3, 4 and 5 of this title.

15 5. A joint district may operate for more than one hundred eighty days  
16 per year, with expanded hours of service.

17 6. A joint district may use the carryforward provisions of section  
18 15-943.01.

19 7. A school district that is part of a joint district shall use any  
20 monies received pursuant to this article to supplement and not supplant base  
21 year career and technical education courses, and directly related equipment  
22 and facilities, except that a school district that is part of a joint  
23 technical education district and that has used monies received pursuant to  
24 this article to supplant career and technical education courses that were  
25 offered before the first year that the school district participated in the  
26 joint district or the first year that the school district used monies  
27 received pursuant to this article or that used the monies for purposes other  
28 than for career and technical education courses shall use one hundred percent  
29 of the monies received pursuant to this article to supplement and not  
30 supplant base year career and technical education courses.

31 8. A joint technical education district shall use any monies received  
32 pursuant to this article to enhance and not supplant career and technical  
33 education courses and directly related equipment and facilities.

34 9. A joint technical education district or a school district that is  
35 part of a joint district or a charter school shall only include pupils in  
36 grades ten through twelve in the calculation of student count or average  
37 daily membership if the pupils are enrolled in courses that are approved  
38 jointly by the governing board of the joint technical education district and  
39 each participating school district or charter school for satellite courses  
40 taught within the participating school district or charter school, or  
41 approved solely by the joint technical education district for centrally  
42 located courses. Student count and average daily membership from courses  
43 that are not part of an approved program for career and technical education  
44 shall not be included in student count and average daily membership of a  
45 joint technical education district.

1       E. The joint board shall appoint a superintendent as the executive  
2 officer of the joint district.

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

10      G. The schools in the joint district are available to all persons who  
11 reside in the joint district and to pupils whose district of residence within  
12 this state is paying tuition on behalf of the pupils to a district of  
13 attendance that is a member of the joint technical education district,  
14 subject to the rules for admission prescribed by the joint board.

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

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

22      J. One member of the joint board shall be selected chairman. The  
23 chairman shall be selected annually on a rotation basis from among the  
24 participating school districts. The chairman of the joint board shall be a  
25 voting member.

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

29      L. Beginning July 1, 2016, any agreement between the governing board  
30 of a joint technical education district and another joint technical education  
31 district, a school district, a charter school or a community college district  
32 shall be in the form of an intergovernmental agreement or other written  
33 contract. The auditor general shall modify the uniform system of financial  
34 records and budget forms in accordance with this subsection. The  
35 intergovernmental agreement or other written contract shall completely and  
36 accurately specify each of the following:

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

39       2. The accountability provisions of the intergovernmental agreement or  
40 other written contract.

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

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

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

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

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

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

15       9. That the payment for services shall not exceed the cost of the  
16 services provided.

17       10. That the joint technical education district will provide the  
18 following minimum services for all member districts:

19           (a) Professional development of career and technical teachers in the  
20 joint district who are teaching programs or courses at a satellite campus.

21           (b) Ongoing evaluation and support of satellite campus programs and  
22 courses to ensure quality and compliance.

23       11. An itemized listing of other goods and services that are provided  
24 to the member district and that are paid for by the retention of satellite  
25 campus student funding.

26       M. A member school district or charter school may not submit requests  
27 for the approval or addition of satellite campus joint district programs or  
28 courses directly to the career and technical education division of the  
29 department of education, but shall submit all appropriate application  
30 documentation and materials for programs or courses to the joint district.  
31 On approval from the joint board, a joint district shall only submit requests  
32 for the approval or addition of satellite campus joint district programs or  
33 courses directly to the career and technical education division of the  
34 department of education. If the career and technical education division of  
35 the department of education determines that a course does not meet the  
36 criteria for approval as a joint technical education course, the governing  
37 board of the joint technical education district may appeal this decision to  
38 the state board of education acting as the state board of vocational  
39 education.

40       N. Notwithstanding any other law, the average daily membership for a  
41 pupil who is enrolled in a joint technical education course defined in  
42 section 15-391 and who does not meet the criteria specified in subsection P  
43 or Q of this section shall be 0.25 for each course, except the sum of the  
44 average daily membership shall not exceed the limits prescribed by subsection  
45 D, P or Q of this section, as applicable.

1        0. If a career and technical education course or program is provided  
2 on a satellite campus, the sum of the average daily membership, as provided  
3 in section 15-901, subsection A, paragraph 1, for that pupil in the school  
4 district or charter school and joint technical education district shall not  
5 exceed 1.25. The school district or charter school and the joint district  
6 shall determine the apportionment of the average daily membership for that  
7 pupil between the school district or charter school and the joint district.  
8 A pupil who attends a course or program at a satellite campus and who is not  
9 enrolled in the school district or charter school where the satellite campus  
10 is located may generate the average daily membership pursuant to this  
11 subsection if the pupil is enrolled in a school district that is a member  
12 district in the same joint technical education district.

13        P. The sum of the average daily membership of a pupil who is enrolled  
14 in both the school district and joint technical education district course or  
15 program provided at a community college pursuant to subsection K of this  
16 section or at a centralized campus shall not exceed 1.75. The member school  
17 district and the joint district shall determine the apportionment of the  
18 average daily membership and student enrollment for that pupil between the  
19 member school district and the joint district, except that the amount  
20 apportioned shall not exceed 1.0 for either entity. Notwithstanding any  
21 other law, the average daily membership for a pupil in grade ten, eleven or  
22 twelve who is enrolled in a course that meets for at least one hundred fifty  
23 minutes per class period at a centralized campus shall be 0.75. To qualify  
24 for funding pursuant to this subsection, a centralized campus shall offer  
25 programs and courses to all eligible students in each member district of the  
26 joint technical education district.

27        Q. The average daily membership for a pupil in grade ten, eleven or  
28 twelve who is enrolled in a course that meets for at least one hundred fifty  
29 minutes per class period at a leased centralized campus shall not exceed  
30 0.75. The sum of the average daily membership, as provided in section  
31 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the  
32 school district and in joint technical education district courses provided at  
33 a leased centralized campus shall not exceed 1.75 if all of the following  
34 conditions are met:

35        1. The course qualifies as a joint technical education course as  
36 defined in section 15-391.

37        2. The course is offered to all eligible students in each member  
38 district of the joint technical education district and enrolls students from  
39 multiple high schools.

40        3. The joint technical education district program in which the course  
41 is included addresses a specific industry need and has been developed in  
42 cooperation with that industry, or the leased facility is a state or federal  
43 asset that would otherwise be unused or underutilized.

44        4. The lease is established at fair market value if the lease is  
45 executed for a facility located on the site of a member district and was

1 approved by the joint committee on capital review, except that a lease that  
2 was executed or renewed before December 31, 2012 is not subject to approval  
3 by the joint committee on capital review.

4 R. A student who is enrolled in an accommodation school as defined in  
5 section 15-101 may be treated as a student of the school district in which  
6 the student physically resides for the purposes of enrollment in a joint  
7 technical education district and shall be included in the calculation of  
8 average daily membership for either the joint technical education district or  
9 the accommodation school, or both.

10 S. Notwithstanding any other law, the student count for a joint  
11 technical education district shall be equivalent to the joint technical  
12 education district's average daily membership.

13 T. A school district or charter school may not prohibit or discourage  
14 students who are enrolled in that school district or charter school from  
15 attending courses offered by a joint technical education district, including  
16 requiring students to generate a full 1.0 average daily membership or  
17 ~~enrolling TO ENROLL~~ in more courses than are needed ~~for a particular student~~  
18 to graduate before enrolling ~~IN~~ and attending programs or courses offered by  
19 a joint district.

20 U. The governing board of the joint technical education district may  
21 contract with any charter school that is located within the boundaries of the  
22 joint technical education district to allow that charter school to offer  
23 career and technical education courses or programs as a satellite campus.

24 V. Beginning in 2020 and every five years thereafter, the career and  
25 technical education division of the department of education shall review  
26 joint technical education district programs and joint technical education  
27 courses to ensure compliance, quality and eligibility. Any program or course  
28 deemed to not meet the requirements set forth by law shall not be funded for  
29 the preceding school year and shall be removed from the approved program and  
30 course list. The career and technical education division may establish a  
31 staggered schedule for reviewing each joint technical education district.

32 W. For the purposes of this section:

33 1. "Base year" means the complete school year in which voters of a  
34 school district elected to join a joint technical education district.

35 2. "Centralized campus" means a facility that is owned and operated by  
36 a joint technical education district for the purpose of offering joint  
37 technical education district programs or joint technical education courses.

38 3. "Lease" means a written agreement in which the right of occupancy  
39 or use of real property is conveyed from one person or entity to another  
40 person or entity for a specified period of time.

41 4. "Leased centralized campus" means a facility that is leased and  
42 operated by a joint technical education district for the purpose of offering  
43 joint technical education district programs or joint technical education  
44 courses.

1       5. "Satellite campus" means a facility that is owned or operated by a  
2 school district or charter school for the purpose of offering joint technical  
3 education district programs or joint technical education courses.

4       Sec. 10. Section 15-393.01, Arizona Revised Statutes, is amended to  
5 read:

6       15-393.01. **Joint technical education districts: annual report;**  
7       performance and accountability

8       A. The department of education shall include each joint technical  
9 education district in the department's annual achievement profiles required  
10 by section 15-241. Subject to approval by the state board of education, the  
11 department of education shall develop specific criteria applicable to joint  
12 districts and include joint districts in the letter grade classification  
13 system prescribed in section 15-241. The department shall include all of the  
14 following performance indicators in the annual achievement profiles and  
15 letter grade classification:

16       1. The graduation rate of all students enrolled in a career and  
17 technical education program or course.

18       2. The completion rate for each program offered by the joint district.

19       3. Performance on assessments required pursuant to section 15-391,  
20 paragraph 5, subdivision (b).

21       4. Postgraduation employment rates for students who complete a career  
22 and technical education program.

23       B. A joint district is subject to the performance audits pursuant to  
24 section 41-1279.03, subsection A, paragraph 9. The auditor general shall  
25 consider the differences and applicable laws for a joint district when  
26 conducting a performance audit for a joint district.

27       C. On or before December 31 of each year, the career and technical  
28 education division of the department of education shall submit a joint  
29 technical education district annual report to the governor, the president of  
30 the senate and the speaker of the house of representatives and shall submit a  
31 copy of this report to the secretary of state. The career and technical  
32 education division of the department of education shall submit a copy of this  
33 report to the joint legislative budget committee for review. The annual  
34 report shall include the following:

35       1. The average daily membership of each joint district, including the  
36 average daily membership of each centralized campus, satellite campus and  
37 leased centralized campus as defined in section 15-393.

38       2. The actual student count of each joint district, including the  
39 student count of each centralized campus, satellite campus and leased  
40 centralized campus as defined in section 15-393.

41       3. The programs and corresponding courses offered by each joint  
42 district, including the location of each program and course.

1       4. ~~The student enrollment of each program and corresponding course~~ For  
2 each joint district based on program or course location: —

3           (a) THE STUDENT ENROLLMENT OF EACH PROGRAM AND CORRESPONDING COURSE.  
4           (b) THE PERCENTAGE OF STUDENTS WHO ENROLLED IN THE SECOND YEAR OF EACH  
5 PROGRAM AND CORRESPONDING COURSE RELATIVE TO THE NUMBER OF STUDENTS IN THE  
6 SAME COHORT WHO ENROLLED IN THE FIRST YEAR OF EACH PROGRAM AND CORRESPONDING  
7 COURSE.

8           (c) THE PERCENTAGE OF STUDENTS WHO COMPLETED EACH PROGRAM RELATIVE TO  
9 THE NUMBER OF STUDENTS IN THE SAME COHORT WHO BEGAN THE PROGRAM.

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

12       6. A listing of any programs or courses that were discontinued by  
13 review of the career and technical education division pursuant to section  
14 15-393, subsection V.

15       7. A listing of any programs or courses that were continued by review  
16 of the career and technical education division pursuant to section 15-393,  
17 subsection V.

18       8. A listing of any programs or courses that were added by the career  
19 and technical education division.

20       9. Any other data or information deemed necessary by the department of  
21 education.

22       D. The office of the auditor general, in consultation with the  
23 department of education, shall develop and establish uniform cost reporting  
24 guidelines, policies and procedures for joint technical education district  
25 programs. Any guideline, policy or procedure shall allow for the effective  
26 comparison of cost between joint technical education district programs.

27       Sec. 11. Section 15-447.01, Arizona Revised Statutes, is amended to  
28 read:

29       15-447.01. Common school districts: offer of instruction in  
30 grade nine

31       A. Before a common school district offers instruction in grade nine  
32 pursuant to section 15-901, subsection A, paragraph ~~4~~ 3, subdivision (b),  
33 the common school district governing board shall:

34           1. Conduct a preliminary vote at a public meeting to consider the  
35 question of offering instruction in grade nine.

36           2. Send a letter expressing the common school district's interest in  
37 offering instruction in grade nine to the union high school district or the  
38 unified school district where a majority of the common school pupils would  
39 otherwise enroll in grade nine.

40           3. Hold a public hearing on the issue at least ninety days after the  
41 letter of interest is sent as prescribed in paragraph 2 of this subsection.

42           4. Conduct a final vote on the issue of offering instruction in grade  
43 nine. The final vote prescribed in this paragraph shall occur no later than  
44 January 15 of the school year that precedes the school year in which

1 instruction in grade nine will first be offered and at least thirty days  
2 after the public hearing prescribed in paragraph 3 of this subsection.

3 B. Notwithstanding any other law, a common school district that offers  
4 instruction in grade nine pursuant to section 15-901, subsection A, paragraph  
5 ~~4~~ 3, subdivision (b) may:

6 1. Conduct an election to exceed the revenue control limit as provided  
7 in sections 15-481 and 15-482 and use the weighted student count of pupils in  
8 grade nine as part of the calculation for the increase in the revenue control  
9 limit.

10 ~~2. Use the weighted student count of pupils in grade nine to determine  
11 equalization assistance for career ladder and optional performance incentive  
12 programs pursuant to sections 15-918.05 and 15-919.05, as applicable, if the  
13 common school district currently participates in the career ladder program or  
14 the optional performance incentive program, or both.~~

15 3. 2. Use the count of pupils in grade nine to determine equalization  
16 assistance pursuant to section 15-971.

17 ~~C. Notwithstanding any other law, a common school district that offers  
18 instruction in grade nine pursuant to section 15-901, subsection A, paragraph  
19 4, subdivision (b) shall not increase the revenue control limit and district  
20 support level for the school district for the current year due to growth in  
21 the grade nine pupil population pursuant to section 15-948.~~

22 D. C. A common school district may not offer instruction in grade  
23 nine in a school facility where instruction is provided to pupils in  
24 kindergarten programs and grades one through six, or any combination of  
25 kindergarten instruction or grades one through six.

26 Sec. 12. Section 15-824, Arizona Revised Statutes, is amended to read:

27 15-824. Admission of pupils of other school districts; homeless  
28 children; tuition charges; definitions

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

31 1. ~~Upon~~ ON the presentation of a certificate of educational  
32 convenience issued by the county school superintendent pursuant to section  
33 15-825.

34 2. For three hundred fifty or fewer pupils, to a high school without  
35 the presentation of such A certificate, if the pupil is a resident of a  
36 common school district within this state that is not within a high school  
37 district and that does not offer instruction in the pupil's grade. The three  
38 hundred fifty or fewer pupil limitation prescribed in this paragraph does not  
39 apply to a small isolated school district as defined in section 15-901.  
40 Tuition shall be charged as prescribed in subsection E of this section for  
41 each pupil admitted pursuant to this paragraph, each pupil from a school  
42 district that provides only financing for pupils who are instructed by  
43 another school district and each pupil from a unified district that does not  
44 offer instruction in the pupil's grade. The school membership of such pupils  
45 is deemed, for the purpose of determining student count and for apportionment

1 of state aid, to be enrollment in the school district of the pupil's  
2 residence.

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

6 C. The current residence of a homeless pupil who does not reside with  
7 the person having legal custody of the pupil is considered to be the  
8 residence of the homeless pupil if the person having legal custody of the  
9 pupil is a resident of the United States. For the purposes of this  
10 subsection, "homeless pupil" means a pupil who has a primary residence that  
11 is:

12 1. A supervised publicly or privately operated shelter designed to  
13 provide temporary living accommodations.

14 2. An institution that provides a temporary residence for individuals  
15 intended to be institutionalized.

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

18 D. The school enrollment of a pupil who is a resident of this state or  
19 who is admitted to a school district under section 15-823, subsection B, C or  
20 E is deemed, for the purpose of determining student count and for  
21 apportionment of state aid, to be enrollment in the school district of actual  
22 attendance, except as provided in section 15-825, subsection A, paragraph 1  
23 and subsection A, paragraph 2 of this section and except for pupils for whom  
24 the superintendent of public instruction is charged tuition pursuant to  
25 section 15-825, subsections B and D and section 15-976 or for whom another  
26 school district is charged tuition as provided in subsections E and G of this  
27 section.

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

31 1. The number of high school pupils for which tuition may be charged  
32 to a common school district that is not within a high school district is  
33 equal to the average daily membership in the district of attendance from the  
34 common school district for the prior fiscal year, except that for the first  
35 year in which a common school district not within a high school district  
36 stops teaching high school subjects, the district of attendance may charge  
37 tuition for the number of pupils ~~which~~ THAT is equal to the average daily  
38 membership for high school pupils in the common school district for the prior  
39 fiscal year. This number may be adjusted if the common school district  
40 increases its revenue control limit and district support level ~~or recomputes~~  
41 ~~its revenue control limit as provided in section 15-948.~~

42 2. The tuition for pupils attending school in a school district other  
43 than that of their residence, except pupils provided for by section 15-825,  
44 subsections B and D and any pupils included in the definition of child with a  
45 disability in section 15-761, shall not exceed the cost per student count of

1 the school district attended, as determined for the current school year.  
2 Tuition for pupils included in the definition of child with a disability in  
3 section 15-761 shall not exceed the actual cost of the school attended for  
4 each pupil as determined for the current year. The school district of  
5 attendance shall not include in the cost per student count a charge for  
6 transportation if no transportation is provided, and the charge for  
7 transportation shall not exceed the actual costs of providing transportation  
8 for the pupils served, as prescribed in the uniform system of financial  
9 records. The school district of attendance shall provide the school district  
10 of residence with the final tuition charge for the current year and with an  
11 estimate of the budget year's tuition charge by May 1 of the current year.  
12 The school district of residence shall pay at least one-fourth of the total  
13 amount of the estimated tuition by September 30, December 31 and March 31,  
14 and it shall pay the remaining amount it owes after adjustments are made by  
15 June 30.

16 3. Notwithstanding paragraph 2 of this subsection and subsection G of  
17 this section, if two school districts enter into a voluntary agreement for  
18 the payment of tuition, the agreement shall specify the method for computing  
19 the tuition amount and the timing of the payments. The agreement shall not  
20 be longer than five consecutive years. If two school districts enter into an  
21 agreement and choose to renew the agreement, each renewal shall not be longer  
22 than five consecutive years. The agreement shall specify that a parent or  
23 legal guardian of a pupil affected by a tuition agreement entered pursuant to  
24 this section or section 15-816.01 may choose not to send the pupil or pupils  
25 to a school district or school that is a party to the agreement.

26 4. Tuition of pupils as provided in section 15-825, subsection D shall  
27 not exceed the excess costs for group B children with disabilities minus the  
28 amount generated by the equalization base as determined in section 15-971,  
29 subsection A for these pupils. A school district may submit to the  
30 superintendent of public instruction a record of actual excess costs to  
31 educate a group B child with a disability if the costs are higher than the  
32 calculated excess costs or if a pupil has been placed in a private school for  
33 special education services. The superintendent shall determine if the  
34 additional costs will be paid, and if the costs are paid, whether the  
35 additional costs will be paid by the state or the resident district.

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

40 6. The amount received representing contributions to debt service as  
41 provided in subsection G, paragraph 1, subdivisions (c) and (d) of this  
42 section shall be applied to the debt service fund of the school district if  
43 there is one. Otherwise ~~such~~ THE amount shall be credited to the capital  
44 outlay fund of the school district.

1       F. A school district may submit to the superintendent of public  
2 instruction a record of actual costs paid by the school district to educate a  
3 pupil who qualifies for a certificate of educational convenience under  
4 section 15-825, subsection B. If the actual costs for that pupil exceed the  
5 costs per student count computed pursuant to subsection G of this section,  
6 the superintendent of public instruction shall reimburse the school district  
7 for these additional costs subject to legislative appropriation.

8       G. For the purposes of this section:

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

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

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

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

26       (d) The result obtained in subdivision (c) of this paragraph shall not  
27 exceed:

28       (i) Seven hundred fifty dollars if the pupil's school district of  
29 residence pays tuition for seven hundred fifty or fewer pupils to other  
30 school districts or one hundred fifty dollars if the state pays tuition for  
31 seven hundred fifty or fewer pupils to a school district pursuant to section  
32 15-825, subsection D or section 15-976.

33       (ii) Eight hundred dollars if the pupil's school district of residence  
34 pays tuition for one thousand or fewer, but more than seven hundred fifty,  
35 pupils to other school districts or two hundred dollars if the state pays  
36 tuition for one thousand or fewer, but more than seven hundred fifty, pupils  
37 to a school district pursuant to section 15-825, subsection D or section  
38 15-976.

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

1       2. "Legal custody" means:

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

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

8       Sec. 13. Section 15-901, Arizona Revised Statutes, as amended by Laws  
9 2015, chapter 15, section 4, is amended to read:

10       15-901. Definitions

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

12       1. "Average daily membership" means the total enrollment of fractional  
13 students and full-time students, minus withdrawals, of each school day  
14 through the first one hundred days or two hundred days in session, as  
15 applicable, for the current year. Withdrawals include students WHO ARE  
16 formally withdrawn from schools and students WHO ARE absent for ten  
17 consecutive school days, except for excused absences identified by the  
18 department of education. For the purposes of this section, school districts  
19 and charter schools shall report student absence data to the department of  
20 education at least once every sixty days in session. For computation  
21 purposes, the effective date of withdrawal shall be retroactive to the last  
22 day of actual attendance of the student or excused absence.

23       (a) "Fractional student" means:

24       (i) For common schools, a preschool child who is enrolled in a program  
25 for preschool children with disabilities of at least three hundred sixty  
26 minutes each week that meets at least two hundred sixteen hours over the  
27 minimum number of days or a kindergarten student who is at least five years  
28 of age before January 1 of the school year and enrolled in a school  
29 kindergarten program that meets at least three hundred fifty-six hours for a  
30 one hundred ~~eighty-day~~ EIGHTY-DAY school year, or the instructional hours  
31 prescribed in this section. Lunch periods and recess periods may not be  
32 included as part of the instructional hours unless the child's individualized  
33 education program requires instruction during those periods and the specific  
34 reasons for such instruction are fully documented. In computing the average  
35 daily membership, preschool children with disabilities and kindergarten  
36 students shall be counted as one-half of a full-time student. For common  
37 schools, a part-time student is a student enrolled for less than the total  
38 time for a full-time student as defined in this section. A part-time common  
39 school student shall be counted as one-fourth, one-half or three-fourths of a  
40 full-time student if the student is enrolled in an instructional program that  
41 is at least one-fourth, one-half or three-fourths of the time a full-time  
42 student is enrolled as defined in subdivision (b) of this paragraph.

43       (ii) For high schools, a part-time student who is enrolled in less  
44 than four subjects that count toward graduation as defined by the state board  
45 of education, each of which, if taught each school day for the minimum number

1 of days required in a school year, would meet a minimum of one hundred  
2 twenty-three hours a year, or the equivalent, in a recognized high school.  
3 The average daily membership of a part-time high school student shall be 0.75  
4 if the student is enrolled in an instructional program of three subjects that  
5 meet at least five hundred forty hours for a one hundred ~~eighty-day~~  
6 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in this  
7 section. The average daily membership of a part-time high school student  
8 shall be 0.5 if the student is enrolled in an instructional program of two  
9 subjects that meet at least three hundred sixty hours for a one hundred  
10 ~~eighty-day~~  
11 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in  
12 this section. The average daily membership of a part-time high school  
13 student shall be 0.25 if the student is enrolled in an instructional program  
14 of one subject that meets at least one hundred eighty hours for a one hundred  
15 ~~eighty-day~~  
16 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in  
17 this section.

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

19 (i) For common schools, a student who is at least six years of age  
20 before January 1 of a school year, who has not graduated from the highest  
21 grade taught in the school district and who is regularly enrolled in a course  
22 of study required by the state board of education. First, second and third  
23 grade students or ungraded group B children with disabilities who are at  
24 least five, but under six, years of age by September 1 must be enrolled in an  
25 instructional program that meets for a total of at least seven hundred twelve  
26 hours for a one hundred ~~eighty-day~~  
27 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the  
28 instructional hours prescribed in this section. Fourth, fifth and sixth  
29 grade students must be enrolled in an instructional program that meets for a  
30 total of at least eight hundred ninety hours for a one hundred ~~eighty-day~~  
31 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in this  
32 section. Seventh and eighth grade students must be enrolled in an  
33 instructional program that meets for at least one thousand hours. Lunch  
34 periods and recess periods may not be included as part of the instructional  
35 hours unless the student is a child with a disability and the child's  
36 individualized education program requires instruction during those periods  
37 and the specific reasons for such instruction are fully documented.

38 (ii) For high schools, a student ~~WHO HAS~~ not graduated from the  
39 highest grade taught in the school district and ~~WHO IS~~ enrolled in at least  
40 an instructional program of four or more subjects that count toward  
41 graduation as defined by the state board of education, each of which, if  
42 taught each school day for the minimum number of days required in a school  
43 year, would meet a minimum of one hundred twenty-three hours a year, or the  
44 equivalent, that meets for a total of at least seven hundred twenty hours for  
45 a one hundred ~~eighty-day~~  
46 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the instructional hours  
47 prescribed in this section in a recognized high school. A full-time student  
48 shall not be counted more than once for computation of average daily  
49 membership. The average daily membership of a full-time high school student

1 shall be 1.0 if the student is enrolled in at least four subjects that meet  
2 at least seven hundred twenty hours for a one hundred ~~eighty day~~ EIGHTY-DAY  
3 school year, or the equivalent instructional hours prescribed in this  
4 section.

5 (iii) If a child who has not reached five years of age before  
6 September 1 of the current school year is admitted to kindergarten and  
7 repeats kindergarten in the following school year, a school district or  
8 charter school is not eligible to receive basic state aid on behalf of that  
9 child during the child's second year of kindergarten. If a child who has not  
10 reached five years of age before September 1 of the current school year is  
11 admitted to kindergarten but does not remain enrolled, a school district or  
12 charter school may receive a portion of basic state aid on behalf of that  
13 child in the subsequent year. A school district or charter school may charge  
14 tuition for any child who is ineligible for basic state aid pursuant to this  
15 item.

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

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

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

34 (vii) For homebound or hospitalized, a student receiving at least four  
35 hours of instruction per week.

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

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

41 (a) Grades one through eight.

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

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

1       5. "Daily attendance" means:

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

3           (i) Of a kindergarten program or ungraded, but not group B children  
4 with disabilities, ~~and WHO IS~~ at least five, but under six, years of age by  
5 September 1 attends at least three-quarters of the instructional time  
6 scheduled for the day. If the total instruction time scheduled for the year  
7 is at least three hundred fifty-six hours but is less than seven hundred  
8 twelve hours, such attendance shall be counted as one-half day of attendance.  
9 If the instructional time scheduled for the year is at least six hundred  
10 ninety-two hours, "daily attendance" means days in which a pupil attends at  
11 least one-half of the instructional time scheduled for the day. Such  
12 attendance shall be counted as one-half day of attendance.

13           (ii) Of the first, second or third grades attends more than  
14 three-quarters of the instructional time scheduled for the day.

15           (iii) Of the fourth, fifth or sixth grades attends more than  
16 three-quarters of the instructional time scheduled for the day, except as  
17 provided in section 15-797.

18           (iv) Of the seventh or eighth grades attends more than three-quarters  
19 of the instructional time scheduled for the day, except as provided in  
20 section 15-797.

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

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

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

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

39       (d) For high schools, the attendance of a pupil shall not be counted  
40 as a full day unless the pupil is actually and physically in attendance and  
41 enrolled in and carrying four subjects, each of which, if taught each school  
42 day for the minimum number of days required in a school year, would meet a  
43 minimum of one hundred twenty-three hours a year, or the equivalent, that  
44 count toward graduation in a recognized high school except as provided in

1 section 15-797 and subdivision (e) of this paragraph. Attendance of a pupil  
2 carrying less than the load prescribed shall be prorated.

3 (e) For high schools, the attendance of a pupil may be counted as  
4 one-fourth of a day's attendance for each sixty minutes of instructional time  
5 in a subject that counts toward graduation, except that attendance for a  
6 pupil shall not exceed the pupil's full or fractional membership.

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

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

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

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

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

30 7. "District support level" means the base support level plus the  
31 transportation support level.

32 8. "Eligible students" means:

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

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

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

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

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

21           9. "Enrolled" or "enrollment" means ~~when THAT~~ a pupil is currently  
22 registered in the school district.

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

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

31           12. "Revenue control limit" means the base revenue control limit plus  
32 the transportation revenue control limit.

33 13. "Student count" means: \_\_\_\_\_

34 ~~(a) Through June 30, 2016,~~ average daily membership as prescribed in  
35 this subsection for the fiscal year before the current year, except that for  
36 the purpose of budget preparation student count means average daily  
37 membership as prescribed in this subsection for the current year.

(b) Beginning July 1, 2016, average daily membership as prescribed in this subsection for the current year.

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

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

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

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

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

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

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

10       2. "Base level" means the following amounts plus the percentage  
11 increases to the base level as provided in sections 15-902.04, ~~15-918.04~~,  
12 ~~15-919.04~~ and 15-952, except that if a school district or charter school is  
13 eligible for an increase in the base level as provided in two or more of  
14 these sections, the base level amount shall be calculated by compounding  
15 rather than adding the sum of one plus the percentage of the increase from  
16 those different sections:

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

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

21       (c) For fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013,  
22 three thousand two hundred sixty-seven dollars seventy-two cents.

23       (d) For fiscal year 2013-2014, three thousand three hundred twenty-six  
24 dollars fifty-four cents.

25       (e) For fiscal year 2014-2015, three thousand three hundred  
26 seventy-three dollars eleven cents.

27       (f) For fiscal year 2015-2016, three thousand four hundred twenty-six  
28 dollars seventy-four cents.

29       (g) FOR FISCAL YEAR 2016-2017, THREE THOUSAND FOUR HUNDRED SIXTY  
30 DOLLARS SIXTY-SIX CENTS.

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

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

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

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

44       7. "ED, MIID, SLD, SLI and OHI" means programs for children with  
45 emotional disabilities, mild intellectual disabilities, a specific learning

1       disability, a speech/language impairment and other health impairments. A  
2       preschool child who is categorized as SLI under this paragraph is not  
3       eligible to receive funding pursuant to section 15-943, paragraph 2,  
4       subdivision (b).

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

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

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

15       (a) If employed full time as defined in section 15-501, 1.00.  
16       (b) If employed less than full time, multiply 1.00 by the percentage  
17      of a full school day, or its equivalent, or a full class load, or its  
18      equivalent, for which the teacher is employed as determined by the governing  
19      board.

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

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

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

35      14. "Homebound" or "hospitalized" means a pupil who is capable of  
36      profiting from academic instruction but is unable to attend school due to  
37      illness, disease, accident or other health conditions, who has been examined  
38      by a competent medical doctor and who is certified by that doctor as being  
39      unable to attend regular classes for a period of not less than three school  
40      months or a pupil who is capable of profiting from academic instruction but  
41      is unable to attend school regularly due to chronic or acute health problems,  
42      who has been examined by a competent medical doctor and who is certified by  
43      that doctor as being unable to attend regular classes for intermittent  
44      periods of time totaling three school months during a school year. The  
45      medical certification shall state the general medical condition, such as

1       illness, disease or chronic health condition, that is the reason that the  
2       pupil is unable to attend school. Homebound or hospitalized includes a  
3       student who is unable to attend school for a period of less than three months  
4       due to a pregnancy if a competent medical doctor, after an examination,  
5       certifies that the student is unable to attend regular classes due to risk to  
6       the pregnancy or to the student's health.

7       15. "K-3" means kindergarten programs and grades one through three.  
8       16. "K-3 reading" means reading programs for pupils in kindergarten  
9       programs and grades one, two and three.

10      17. "MD-R, A-R and SID-R" means resource programs for pupils with  
11       multiple disabilities, autism and severe intellectual disability.

12      18. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils  
13       with multiple disabilities, autism and severe intellectual disability.

14      19. "MD-SSI" means a program for pupils with multiple disabilities  
15       with severe sensory impairment.

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

18      21. "OI-R" means a resource program for pupils with orthopedic  
19       impairments.

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

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

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

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

29      26. "Small isolated school district" means a school district that  
30       meets all of the following:

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

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

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

40      27. "Small school district" means a school district that meets all of  
41       the following:

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

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

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

28. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.
29. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

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

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

Sec. 14. Section 15-901, Arizona Revised Statutes, as amended by Laws 2015, first special session, chapter 1, section 1, is amended to read:

## 15-901. Definitions

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

1. "Average daily membership" means the total enrollment of fractional students and full-time students, minus withdrawals, of each school day through the first one hundred days or two hundred days in session, as applicable, for the current year. Withdrawals include students WHO ARE formally withdrawn from schools and students WHO ARE absent for ten consecutive school days, except for excused absences identified by the department of education. For the purposes of this section, school districts and charter schools shall report student absence data to the department of education at least once every sixty days in session. For computation purposes, the effective date of withdrawal shall be retroactive to the last day of actual attendance of the student or excused absence.

(a) "Fractional student" means:

(i) For common schools, a preschool child who is enrolled in a program for preschool children with disabilities of at least three hundred sixty minutes each week that meets at least two hundred sixteen hours over the minimum number of days or a kindergarten student who is at least five years of age before January 1 of the school year and enrolled in a school kindergarten program that meets at least three hundred fifty-six hours for a one hundred **eighty-day EIGHTY-DAY** school year, or the instructional hours prescribed in this section. Lunch periods and recess periods may not be included as part of the instructional hours unless the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented. In computing the average daily membership, preschool children with disabilities and kindergarten students shall be counted as one-half of a full-time student. For common schools, a part-time student is a student enrolled for less than the total time for a full-time student as defined in this section. A part-time common school student shall be counted as one-fourth, one-half or three-fourths of a full-time student if the student is enrolled in an instructional program that

1 is at least one-fourth, one-half or three-fourths of the time a full-time  
2 student is enrolled as defined in subdivision (b) of this paragraph.

3 (ii) For high schools, a part-time student who is enrolled in less  
4 than four subjects that count toward graduation as defined by the state board  
5 of education, each of which, if taught each school day for the minimum number  
6 of days required in a school year, would meet a minimum of one hundred  
7 twenty-three hours a year, or the equivalent, in a recognized high school.  
8 The average daily membership of a part-time high school student shall be 0.75  
9 if the student is enrolled in an instructional program of three subjects that  
10 meet at least five hundred forty hours for a one hundred ~~eighty-day~~  
11 ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in this  
12 section. The average daily membership of a part-time high school student  
13 shall be 0.5 if the student is enrolled in an instructional program of two  
14 subjects that meet at least three hundred sixty hours for a one hundred  
15 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in  
16 this section. The average daily membership of a part-time high school  
17 student shall be 0.25 if the student is enrolled in an instructional program  
18 of one subject that meets at least one hundred eighty hours for a one hundred  
19 ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in  
20 this section.

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

22 (i) For common schools, a student who is at least six years of age  
23 before January 1 of a school year, who has not graduated from the highest  
24 grade taught in the school district and who is regularly enrolled in a course  
25 of study required by the state board of education. First, second and third  
26 grade students or ungraded group B children with disabilities who are at  
27 least five, but under six, years of age by September 1 must be enrolled in an  
28 instructional program that meets for a total of at least seven hundred twelve  
29 hours for a one hundred ~~eighty-day~~ ~~EIGHTY-DAY~~ school year, or the  
30 instructional hours prescribed in this section. Fourth, fifth and sixth  
31 grade students must be enrolled in an instructional program that meets for a  
32 total of at least eight hundred ninety hours for a one hundred ~~eighty-day~~  
33 ~~EIGHTY-DAY~~ school year, or the instructional hours prescribed in this  
34 section. Seventh and eighth grade students must be enrolled in an  
35 instructional program that meets for at least one thousand hours. Lunch  
36 periods and recess periods may not be included as part of the instructional  
37 hours unless the student is a child with a disability and the child's  
38 individualized education program requires instruction during those periods  
39 and the specific reasons for such instruction are fully documented.

40 (ii) For high schools, a student ~~WHO HAS~~ not graduated from the  
41 highest grade taught in the school district and ~~WHO IS~~ enrolled in at least  
42 an instructional program of four or more subjects that count toward  
43 graduation as defined by the state board of education, each of which, if  
44 taught each school day for the minimum number of days required in a school  
45 year, would meet a minimum of one hundred twenty-three hours a year, or the

1 equivalent, that meets for a total of at least seven hundred twenty hours for  
2 a one hundred ~~eighty day~~ EIGHTY-DAY school year, or the instructional hours  
3 prescribed in this section in a recognized high school. A full-time student  
4 shall not be counted more than once for computation of average daily  
5 membership. The average daily membership of a full-time high school student  
6 shall be 1.0 if the student is enrolled in at least four subjects that meet  
7 at least seven hundred twenty hours for a one hundred ~~eighty day~~ EIGHTY-DAY  
8 school year, or the equivalent instructional hours prescribed in this  
9 section.

10 (iii) If a child who has not reached five years of age before  
11 September 1 of the current school year is admitted to kindergarten and  
12 repeats kindergarten in the following school year, a school district or  
13 charter school is not eligible to receive basic state aid on behalf of that  
14 child during the child's second year of kindergarten. If a child who has not  
15 reached five years of age before September 1 of the current school year is  
16 admitted to kindergarten but does not remain enrolled, a school district or  
17 charter school may receive a portion of basic state aid on behalf of that  
18 child in the subsequent year. A school district or charter school may charge  
19 tuition for any child who is ineligible for basic state aid pursuant to this  
20 item.

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

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

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

39 (vii) For homebound or hospitalized, a student receiving at least four  
40 hours of instruction per week.

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

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

- 1       (a) Grades one through eight.
- 2       (b) Grades one through nine pursuant to section 15-447.01.
- 3       4. "Current year" means the fiscal year in which a school district is  
4 operating.
- 5       5. "Daily attendance" means:
  - 6       (a) For common schools, days in which a pupil:
    - 7       (i) Of a kindergarten program or ungraded, but not group B children  
8 with disabilities, ~~and WHO IS~~ at least five, but under six, years of age by  
9 September 1 attends at least three-quarters of the instructional time  
10 scheduled for the day. If the total instruction time scheduled for the year  
11 is at least three hundred fifty-six hours but is less than seven hundred  
12 twelve hours, such attendance shall be counted as one-half day of attendance.  
13 If the instructional time scheduled for the year is at least six hundred  
14 ninety-two hours, "daily attendance" means days in which a pupil attends at  
15 least one-half of the instructional time scheduled for the day. Such  
16 attendance shall be counted as one-half day of attendance.
    - 17       (ii) Of the first, second or third grades attends more than  
18 three-quarters of the instructional time scheduled for the day.
    - 19       (iii) Of the fourth, fifth or sixth grades attends more than  
20 three-quarters of the instructional time scheduled for the day, except as  
21 provided in section 15-797.
    - 22       (iv) Of the seventh or eighth grades attends more than three-quarters  
23 of the instructional time scheduled for the day, except as provided in  
24 section 15-797.
  - 25       (b) For common schools, the attendance of a pupil at three-quarters or  
26 less of the instructional time scheduled for the day shall be counted as  
27 follows, except as provided in section 15-797 and except that attendance for  
28 a fractional student shall not exceed the pupil's fractional membership:
    - 29       (i) If attendance for all pupils in the school is based on quarter  
30 days, the attendance of a pupil shall be counted as one-fourth of a day's  
31 attendance for each one-fourth of full-time instructional time attended.
    - 32       (ii) If attendance for all pupils in the school is based on half days,  
33 the attendance of at least three-quarters of the instructional time scheduled  
34 for the day shall be counted as a full day's attendance and attendance at a  
35 minimum of one-half but less than three-quarters of the instructional time  
36 scheduled for the day equals one-half day of attendance.
  - 37       (c) For common schools, the attendance of a preschool child with  
38 disabilities shall be counted as one-fourth day's attendance for each  
39 thirty-six minutes of attendance not including lunch periods and recess  
40 periods, except as provided in paragraph 1, subdivision (a), item (i) of this  
41 subsection for children with disabilities up to a maximum of three hundred  
42 sixty minutes each week.
  - 43       (d) For high schools, the attendance of a pupil shall not be counted  
44 as a full day unless the pupil is actually and physically in attendance and  
45 enrolled in and carrying four subjects, each of which, if taught each school

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

6 (e) For high schools, the attendance of a pupil may be counted as  
7 one-fourth of a day's attendance for each sixty minutes of instructional time  
8 in a subject that counts toward graduation, except that attendance for a  
9 pupil shall not exceed the pupil's full or fractional membership.

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

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

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

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

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

33 7. "District support level" means the base support level plus the  
34 transportation support level.

35 8. "Eligible students" means:

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

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

1      residence outside the school district boundaries is more than one mile from  
2      the school facility of attendance.

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

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

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

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

23            9. "Enrolled" or "enrollment" means ~~when THAT~~ a pupil is currently  
24     registered in the school district.

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

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

33            12. "Revenue control limit" means the base revenue control limit plus  
34     the transportation revenue control limit.

35            13. "Student count" means ~~+~~

36            ~~(a) Through June 30, 2016, average daily membership as prescribed in~~  
37     this subsection for the fiscal year before the current year, except that for  
38     the purpose of budget preparation student count means average daily  
39     membership as prescribed in this subsection for the current year.

40            ~~(b) Beginning July 1, 2016, average daily membership as prescribed in~~  
41     ~~this subsection for the current year.~~

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

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

1       16. "Total students transported" means all eligible students  
2 transported from their place of residence to a school transportation pickup  
3 point or to the school of attendance and from the school of attendance or  
4 from the school transportation scheduled return point to their place of  
5 residence.

6       17. "Unified school district" means a political subdivision of ~~the~~  
7 ~~THIS~~ state offering instruction to students in programs for preschool  
8 children with disabilities and kindergarten programs and grades one through  
9 twelve.

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

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

13       2. "Base level" means the following amounts plus the percentage  
14 increases to the base level as provided in sections 15-902.04 and 15-952,  
15 except that if a school district or charter school is eligible for an  
16 increase in the base level as provided in two or more of these sections, the  
17 base level amount shall be calculated by compounding rather than adding the  
18 sum of one plus the percentage of the increase from those different sections:

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

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

23       (c) For fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013,  
24 three thousand two hundred sixty-seven dollars seventy-two cents.

25       (d) For fiscal year 2013-2014, three thousand three hundred twenty-six  
26 dollars fifty-four cents.

27       (e) For fiscal year 2014-2015, three thousand three hundred  
28 seventy-three dollars eleven cents.

29       (f) For fiscal year 2015-2016, three thousand six hundred dollars zero  
30 cents.

31       (g) **FOR FISCAL YEAR 2016-2017, THREE THOUSAND SIX HUNDRED THIRTY-FIVE  
32 DOLLARS SIXTY-FOUR CENTS.**

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

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

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

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

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

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

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

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

17            (a) If employed full time as defined in section 15-501, 1.00.  
18            (b) If employed less than full time, multiply 1.00 by the percentage  
19 of a full school day, or its equivalent, or a full class load, or its  
20 equivalent, for which the teacher is employed as determined by the governing  
21 board.

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

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

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

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

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

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

10      16. "K-3 reading" means reading programs for pupils in kindergarten  
11 programs and grades one, two and three.

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

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

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

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

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

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

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

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

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

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

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

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

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

42      27. "Small school district" means a school district that meets all of  
43 the following:

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

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

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

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

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

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

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

Sec. 15. Section 15-902.03, Arizona Revised Statutes, is amended to read:

## 15-902.03. Procedures for determining average daily membership

A. The department of education shall recompute and aggregate average daily membership for the previous fiscal year no later than August 30. The department shall inform school districts and charter schools of their final average daily membership no later than September 15. No later than November 1 of each year, state aid calculations for all school districts and charter schools for the previous fiscal year must be finalized and the budget limits for school districts must be adjusted. Any future adjustments in student counts, if discovered by the school district or charter school, shall be made pursuant to section 15-915.

B. Notwithstanding subsection A of this section, school districts may continue to make budget adjustments pursuant to section 15-905, ~~— AND~~ make corrections pursuant to section 15-915 ~~and use the adjustment for growth in student count pursuant to section 15-948.~~

Sec. 16. Section 15-910, Arizona Revised Statutes, is amended to read:

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

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

1 contain budgeted expenditures for excess utility costs, determined as  
2 follows:

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

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

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

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

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

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

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

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

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

38     G. The governing board may budget for expenses of complying with or  
39 continuing to implement activities ~~which~~ THAT were required or permitted by a  
40 court order of desegregation or administrative agreement with the United  
41 States department of education office for civil rights directed toward  
42 remediating alleged or proven racial discrimination ~~which~~ THAT are  
43 specifically exempt in whole or in part from the revenue control limit and  
44 district additional assistance. This exemption applies only to expenses  
45 incurred for activities ~~which~~ THAT are begun before the termination of the

1 court order or administrative agreement. If a district is levying a primary  
2 property tax on February 23, 2006 and using those monies to administer an  
3 English language learner program to remedy alleged or proven discrimination  
4 under title VI of the civil rights act of 1964 (42 United States Code section  
5 2000d), the district may spend those monies to remedy a violation of the  
6 equal ~~education~~ EDUCATIONAL OPPORTUNITIES act of 1974 (20 United States Code  
7 section 1703(f)). Nothing in this subsection allows a school district to  
8 levy a primary property tax for violations of the equal ~~education~~ EDUCATIONAL  
9 OPPORTUNITIES act of 1974 (20 United States Code section 1703(f)) in the  
10 absence of an alleged or proven discrimination under title VI of the civil  
11 rights act of 1964 (42 United States Code section 2000d).

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

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

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

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

26 I. If a governing board chooses to budget monies outside of district  
27 additional assistance as provided in subsection G of this section, the  
28 governing board may notify the county school superintendent to include the  
29 cost of the excess expenses in the county school superintendent's estimate of  
30 the additional amount needed for the school district from the primary  
31 property tax as provided in section 15-991.

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

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

43 2. Shall prepare as a part of the annual financial report a detailed  
44 report of expenditures incurred solely as a result of compliance with or  
45 continuing to implement activities ~~which~~ ~~THAT~~ were required or permitted by a

1 court order of desegregation or administrative agreement with the United  
2 States department of education office for civil rights directed toward  
3 remediating alleged or proven racial discrimination, in a format prescribed  
4 by the auditor general in conjunction with the Arizona department of  
5 education as provided by section 15-904.

6 3. On or before July 15, ~~2006 and~~ thereafter, shall collect  
7 and report data regarding activities related to a court order of  
8 desegregation or an administrative agreement with the United States  
9 department of education office for civil rights directed toward remediating  
10 alleged or proven racial discrimination in a format prescribed by the Arizona  
11 department of education. The **ARIZONA** department **OF EDUCATION** shall compile  
12 and submit copies of the reports to the governor, the president of the  
13 senate, the speaker of the house of representatives and the chairpersons of  
14 the education committees of the senate and the house of representatives **AND**  
15 **SHALL SUBMIT A COPY TO THE SECRETARY OF STATE**. A school district that  
16 becomes subject to a new court order of desegregation or a party to an  
17 administrative agreement with the United States department of education  
18 office for civil rights directed toward remediating alleged or proven racial  
19 discrimination shall submit these reports on or before July 15 or within  
20 ninety days of the date of the court order or administrative agreement,  
21 whichever occurs first. The Arizona department of education, in consultation  
22 with the auditor general, shall develop reporting requirements to ensure that  
23 school districts submit at least the following information and documentation  
24 to the Arizona department of education ~~beginning in fiscal year 2006-2007~~:

25 (a) A district-wide budget summary and a budget summary on a ~~school-by~~  
26 ~~school~~ **SCHOOL-BY-SCHOOL** basis for each school in the school district that  
27 lists the sources and uses of monies that are designated for desegregation  
28 purposes.

29 (b) A detailed list of desegregation activities on a district-wide  
30 basis and on a ~~school-by-school~~ **SCHOOL-BY-SCHOOL** basis for each school in the  
31 school district.

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

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

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

4 (g) A detailed summary of the academic achievement of pupils on a  
5 district-wide basis and on a ~~school-by-school~~ SCHOOL-BY-SCHOOL basis for each  
6 school in the school district.

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

16 (j) The amount of monies that is not derived through a primary or  
17 secondary property tax levy and that is budgeted and spent on desegregation  
18 activities on a district-wide basis and on a ~~school-by-school~~  
19 SCHOOL-BY-SCHOOL basis for each school in the school district.

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

22 (1) Verification that the desegregation funding is educationally  
23 justifiable.

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

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

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

32 (p) Verification that the desegregation funding will be used to  
33 accomplish specific actions to remediate proven discrimination pursuant to  
34 title VI of the civil rights act of 1964 (42 United States Code section  
35 2000d) as specified in the court order or administrative agreement.

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

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

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

43           K. If a school district governing board budgets for expenses of  
44 complying with a court order of desegregation or an administrative agreement  
45 with the United States department of education office for civil rights

1 directed toward remediating alleged or proven racial discrimination, the  
2 governing board shall ensure that the desegregation expenses will:

3     1. Be educationally justifiable.

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

6     3. Be used to promote systemic and organizational changes within the  
7 school district.

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

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

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

19     7. ~~Beginning in fiscal year 2009-2010 and continuing thereafter~~ Each fiscal year  
20 ~~thereafter~~, not exceed the amount budgeted by the school district for  
21 desegregation expenses in fiscal year 2008-2009.

22     L. The governing board may budget for the bond issues portion of the  
23 cost of tuition charged the district as provided in section 15-824 for the  
24 pupils attending school in another school district, except that if the  
25 district is a common school district not within a high school district, the  
26 district may only include that part of tuition ~~which~~ THAT is excluded from  
27 the revenue control limit and district support level as provided in section  
28 15-951. The bond issues portion of the cost of tuition charged is  
29 specifically exempt from the revenue control limit of the school district of  
30 residence, and the primary property tax rate set to fund this amount shall  
31 not be included in the computation of additional state aid for education as  
32 provided in section 15-972, except as provided in section 15-972,  
33 subsection E. The department of education and the auditor general shall  
34 include in the maintenance and operation section of the budget format, as  
35 provided in section 15-903, a separate category for the bond issues portion  
36 of the cost of tuition.

37     M. The governing board may budget for interest expenses it incurred  
38 for registering warrants drawn against a fund of the school district or net  
39 interest expense on tax anticipation notes as prescribed in section  
40 35-465.05, subsection C for the fiscal year preceding the current year if the  
41 county treasurer pooled all school district monies for investment as provided  
42 in section 15-996 for the fiscal year preceding the current year and, in  
43 those school districts that receive state aid, the school districts applied  
44 for an apportionment of state aid before the date set for the apportionment  
45 as provided in section 15-973 for the fiscal year preceding the current year.

1 The governing board may budget an amount for interest expenses for  
 2 registering warrants or issuing tax anticipation notes equal to or less than  
 3 the amount of the warrant interest expense or net interest expense on tax  
 4 anticipation notes as prescribed in section 35-465.05, subsection C for the  
 5 fiscal year preceding the current year as provided in this subsection ~~which~~  
 6 ~~THAT~~ is specifically exempt from the revenue control limit. For the purposes  
 7 of this subsection, "state aid" means state aid as determined in sections  
 8 15-971 and 15-972.

9 Sec. 17. Section 15-943, Arizona Revised Statutes, is amended to read:

10 **15-943. Base support level**

11 The base support level for each school district shall be computed as  
 12 follows:

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

15 (a) For school districts whose student count in kindergarten programs  
 16 and grades one through eight is classified in column 1 of this subdivision,  
 17 the support level weight for kindergarten programs and grades one through  
 18 eight is the corresponding support level weight prescribed in column 2 or 3  
 19 of this subdivision, whichever is appropriate:

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

29 (b) For school districts whose student count in grades nine through  
 30 twelve is classified in column 1 of this subdivision, the support level  
 31 weight for grades nine through twelve is the corresponding support level  
 32 weight prescribed in column 2 or 3 of this subdivision, whichever is  
 33 appropriate:

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

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

( a )

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

(b)

<u>Funding Category</u>	<u>Support Level</u>		<u>Student Count</u>	<u>Weighted Student Count</u>
	<u>Weight</u>	<u>x</u>		
HI	4.771	x	_____	=
K-3	0.060	x	_____	=
K-3 reading	0.040	x	_____	=
ELL	0.115	x	_____	=
MD-R, A-R and SID-R	6.024	x	_____	=
MD-SC, A-SC and SID-SC	5.833	x	_____	=
MD-SSI	7.947	x	_____	=
OI-R	3.158	x	_____	=
OI-SC	6.773	x	_____	=
P-SD	3.595	x	_____	=
DD, ED, MIID, SLD, SLI and OHI	0.003	x	_____	=
ED-P	4.822	x	_____	=
MOID	4.421	x	_____	=
VI	4.806	x	_____	=
			<u>Subtotal</u>	<u>B</u>

(c) Total of subtotals A and B:

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

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

5. FOR THE PURPOSES OF THIS SECTION, THE STUDENT COUNT IS THE AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE CURRENT YEAR, EXCEPT THAT FOR THE PURPOSES OF COMPUTING THE BASE SUPPORT LEVEL USED IN DETERMINING SCHOOL DISTRICT ROLLOVER ALLOCATIONS AND SCHOOL DISTRICT BUDGET OVERRIDE AMOUNTS, THE STUDENT COUNT IS THE AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE PRIOR YEAR.

1 Sec. 18. Section 15-943.02, Arizona Revised Statutes, is amended to  
2 read:

## 15-943.02. Base support level for joint technical education districts

5           A. The base support level for each joint technical education district  
6 shall be computed as follows:

7	Grade/	Support	Student	Weighted
8	Category	Level	Count	Student
9		Weight		Count

$$10 \quad 9-12 \quad 1.339 \quad \times \quad \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

11. Multiplikation mit den Brüchen

11           B. Multiply the total determined in subsection A by the base level.  
12           C. Multiply the teacher experience index of the district or 1.00,  
13 whichever is greater, by the product obtained in subsection B.

14 D. FOR THE PURPOSES OF THIS SECTION, THE STUDENT COUNT IS THE AVERAGE  
15 DAILY MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE CURRENT YEAR, EXCEPT  
16 THAT FOR THE PURPOSES OF COMPUTING THE BASE SUPPORT LEVEL USED IN DETERMINING  
17 SCHOOL DISTRICT ROLLOVER ALLOCATIONS, THE STUDENT COUNT IS THE AVERAGE DAILY  
18 MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE PRIOR YEAR.

19 Sec. 19. Section 15-945, Arizona Revised Statutes, is amended to read:  
20 **15-945. Transportation support level**

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

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

25           2. Multiply the figure obtained in paragraph 1 of this subsection by  
26 one hundred eighty, or for a school district that elects to provide two  
27 hundred days of instruction pursuant to section 15-902.04, multiply the  
28 figure obtained in paragraph 1 of this subsection by two hundred.

29           3. Determine the number of eligible students transported in the fiscal  
30 year prior to the current year.

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

34       5. Determine the classification in column 1 of this paragraph for the  
35 quotient determined in paragraph 4 of this subsection. Multiply the product  
36 obtained in paragraph 2 of this subsection by the corresponding state support  
37 level for each route mile as provided in column 2 of this paragraph.

	<u>Column 1</u>	<u>Column 2</u>
	Approved Daily Route	State Support Level per Route Mile for
	<u>Mileage per Eligible Student Transported</u>	<u>Fiscal Year</u> <u>2015-2016</u> <u>2016-2017</u>
38		
39	Approved Daily Route	
40	Mileage per Eligible	
41	<u>Student Transported</u>	
42	0.5 or less	<u>2.53</u> 2.56
43	More than 0.5 through 1.0	<u>2.07</u> 2.09
44	More than 1.0	<u>2.53</u> 2.56

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

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

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

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

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

22      For the purposes of this paragraph, "district type 02" means a unified school  
23 district or an accommodation school that offers instruction in grades nine  
24 through twelve, "district type 03" means a common school district not within  
25 a high school district, "district type 04" means a common school district  
26 within a high school district or an accommodation school that does not offer  
27 instruction in grades nine through twelve and "district type 05" means a high  
28 school district.

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

31       1. Determine the sum of the following:

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

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

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

4        D. The transportation support level for each school district for the  
5 current year is the sum of the support level for to and from school as  
6 determined in subsection A of this section, the support level for academic  
7 education, career and technical education, vocational education and athletic  
8 trips as determined in subsection B of this section and the support level for  
9 extended school year services for pupils with disabilities as determined in  
10 subsection C of this section.

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

14        F. School districts must provide the odometer reading for each bus as  
15 of the end of the current year and the total bus mileage during the current  
16 year.

17        Sec. 20. Repeal

18        Section 15-948, Arizona Revised Statutes, is repealed.

19        Sec. 21. Section 15-951, Arizona Revised Statutes, is amended to read:

20        15-951. District additional assistance, district support level  
21                    and student count for a common school district not  
22                    within a high school district

23        A. Notwithstanding section 15-947, the revenue control limit for a  
24 common school district not within a high school district is the sum of the  
25 following:

26        1. The base revenue control limit computed as prescribed in section  
27 15-944 but excluding pupils admitted to another school district as provided  
28 in section 15-824, subsection A, paragraph 2.

29        2. The tuition payable for high school pupils who attend school in  
30 another school district as provided in section 15-824, subsection A,  
31 paragraph 2, including any transportation charge, except as provided in  
32 subsection F of this section.

33        3. The transportation revenue control limit for all pupils who reside  
34 in the district except those high school pupils transported by another  
35 district.

36        B. Notwithstanding subsection A of this section, for the purposes of  
37 sections 15-481, 15-482 and 15-1102, the revenue control limit for a common  
38 school district not within a high school district is the sum of the  
39 following:

40        1. The base revenue control limit for pupils computed as prescribed in  
41 section 15-944 but excluding pupils admitted to another school district as  
42 provided in section 15-824, subsection A, paragraph 2.

43        2. The transportation revenue control limit for all pupils who reside  
44 in the district except those high school pupils transported by another  
45 district.

1       C. Notwithstanding section 15-961, district additional assistance for  
2 a common school district not within a high school district is district  
3 additional assistance as prescribed in section 15-961 but excluding pupils  
4 who are admitted to another school district as provided in section 15-824,  
5 subsection A, paragraph 2, except that if the school district transports high  
6 school pupils, the district additional assistance amount prescribed in  
7 section 15-961 shall be increased by an amount equal to fifty ~~per cent~~  
8 ~~PERCENT~~ of the district additional assistance per pupil amount prescribed for  
9 the school district pursuant to section 15-961 multiplied by the number of  
10 high school pupils transported.

11      D. Notwithstanding section 15-947, the district support level for a  
12 common school district not within a high school district is the sum of the  
13 following:

14       1. The base support level computed as prescribed in section 15-943 but  
15 excluding pupils who are admitted to another school district as provided in  
16 section 15-824, subsection A, paragraph 2.

17       2. The tuition payable for high school pupils who are admitted to  
18 another school district as provided in section 15-824, subsection A,  
19 paragraph 2, including any transportation charge, except as provided in  
20 subsection F of this section.

21       3. The transportation support level for all pupils who reside in the  
22 school district except those high school pupils transported by another school  
23 district.

24       E. For the purpose of determining eligibility to increase the revenue  
25 control limit and district support level ~~or recompute the revenue control~~  
26 ~~limit as provided in section 15-948~~, the student count for a common school  
27 district not within a high school district is the student count for pupils in  
28 kindergarten programs and grades one through twelve, including pupils  
29 enrolled in another school district as provided in section 15-824, subsection  
30 A, paragraph 2.

31       F. The tuition amount in subsections A and D of this section shall not  
32 include amounts per student count for bond issues as prescribed by section  
33 15-824, subsection G, paragraph 1, subdivision (c) in excess of the  
34 following:

35       1. One hundred fifty dollars if the pupil's school district of  
36 residence pays tuition for seven hundred fifty or fewer pupils to other  
37 school districts.

38       2. Two hundred dollars if the pupil's school district of residence  
39 pays tuition for one thousand or fewer, but more than seven hundred fifty  
40 pupils to other school districts.

41       3. The actual cost per student count if the pupil's school district of  
42 residence pays tuition for more than one thousand pupils to other school  
43 districts.

1 Sec. 22. Section 15-961, Arizona Revised Statutes, is amended to read:

2 15-961. District additional assistance: growth rate

3 A. District additional assistance per student count is established as  
4 follows:

5 1. For school districts with a student count of less than one hundred  
6 for kindergarten programs and grades one through eight, five hundred  
7 forty-four dollars fifty-eight cents. For school districts with a student  
8 count of one hundred or more and less than six hundred for kindergarten  
9 programs and grades one through eight, multiply three hundred eighty-nine  
10 dollars twenty-five cents by the weight that corresponds to the student count  
11 for kindergarten programs and grades one through eight for the school  
12 district as provided in section 15-943, paragraph 1, subdivision (a),  
13 column 3. For a school district with a student count of six hundred or more  
14 in kindergarten programs and grades one through eight, the limit is four  
15 hundred fifty dollars seventy-six cents.

16 2. For school districts with a student count of less than one hundred  
17 for grades nine through twelve, six hundred one dollars twenty-four cents.  
18 For school districts with a student count of one hundred or more and less  
19 than six hundred for grades nine through twelve, multiply four hundred five  
20 dollars fifty-nine cents by the weight that corresponds to the student count  
21 for grades nine through twelve for the school district as provided in section  
22 15-943, paragraph 1, subdivision (b), column 3. For a school district with a  
23 student count of six hundred or more in grades nine through twelve, the limit  
24 is four hundred ninety-two dollars ninety-four cents.

25 3. For programs for preschool children with disabilities, four hundred  
26 fifty dollars seventy-six cents.

27 B. District additional assistance for a school district shall be  
28 computed as follows:

29 1. Select the applicable district additional assistance per student  
30 count for the school district.

31 2. Multiply the amount or amounts selected in paragraph 1 of this  
32 subsection by the appropriate student count of the school district. ~~The~~  
33 ~~student count of the school district shall not include any pupils in a~~  
34 ~~charter school sponsored by the district pursuant to section 15-185,~~  
35 ~~subsection A, paragraph 3.~~

36 3. If a school district's student count used for the budget year is  
37 greater than one hundred five ~~per cent~~ PERCENT of the student count used for  
38 the current year's budget, increase the adjusted district additional  
39 assistance determined in paragraph 2 of this subsection by fifty ~~per cent~~  
40 PERCENT of the actual percentage increase in the school district's student  
41 count.

42 C. An amount for the purchase of required textbooks and related  
43 printed subject matter materials shall be used to increase the district  
44 additional assistance for a school district as determined in subsection B,  
45 paragraph 2 or 3 of this section, whichever is applicable. This amount shall

1 equal the student count in grades nine through twelve multiplied by  
2 sixty-nine dollars sixty-eight cents.

3 Sec. 23. Section 15-973, Arizona Revised Statutes, is amended to read:

4 **15-973. Apportionment of funds: expenditure limitation**

5 A. The state board of education shall apportion state aid from  
6 appropriations made for ~~such~~ THAT purpose to the several counties on the  
7 basis of state aid entitlement for the school districts in each county. ~~No~~  
8 ~~AN~~ allowance shall NOT be made for nonresident alien children ~~nor~~ OR for  
9 wards of the United States for whom tuition is paid, but attendance of a  
10 student in a school of a county adjoining the county of ~~his~~ THE STUDENT'S  
11 residence outside the state under a certificate of educational convenience as  
12 provided by section 15-825 shall be deemed to be enrollment in the school of  
13 the county or school district of ~~his~~ THE STUDENT'S residence.

14 B. Apportionments shall be made as follows:

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

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

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

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

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

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

28 7. By the close of business on the first day of business of February,  
29 one-twelfth of the total amount to be apportioned during the fiscal year.

30 8. By the close of business on the first day of business of March,  
31 one-twelfth of the total amount to be apportioned during the fiscal year.

32 9. By the close of business on the first day of business of April,  
33 one-twelfth of the total amount to be apportioned during the fiscal year.

34 10. By the close of business on the first day of business of May,  
35 one-twelfth of the total amount to be apportioned during the fiscal year.

36 11. By the close of business on the first day of business of June,  
37 one-twelfth of the total amount to be apportioned during the fiscal year.

38 12. By the close of business on the last day of business of  
39 June, one-twelfth of the total amount to be apportioned during the fiscal  
40 year.

41 The superintendent of public instruction shall furnish to the county  
42 treasurer and the county school superintendent an abstract of the  
43 apportionment and shall certify the apportionment to the department of  
44 administration, which shall draw its warrant in favor of the county treasurer  
45 of each county for the amount apportioned. ~~Upon~~ **ON** receipt of the warrant,

1 the county treasurer shall notify the county school superintendent of the  
2 amount, together with any other monies standing to the credit of ~~such~~ THAT  
3 school district, in the county school fund.

4 C. Notwithstanding subsection B of this section, if sufficient  
5 appropriated ~~funds~~ MONIES are available and on a showing by a school district  
6 that additional state monies are necessary for current expenses, an  
7 apportionment or part of an apportionment of state aid may be paid to the  
8 school district prior to the date set for ~~such~~ THAT apportionment by  
9 subsection B of this section. ~~After the first forty days in session of the~~  
10 ~~current year, a school district may request additional state monies to fund~~  
11 ~~the increased state aid due to anticipated student growth through the first~~  
12 ~~one hundred days or two hundred days in session, as applicable, of the~~  
13 ~~current year as provided in section 15-948. In no event shall~~ A school  
14 district ~~have received~~ MAY NOT RECEIVE more than three-fourths of its total  
15 apportionment before May 1 of the fiscal year. Early payments pursuant to  
16 this subsection must be approved by the state treasurer, the director of the  
17 department of administration and the superintendent of public instruction.

18 D. The superintendent of public instruction shall not make application  
19 to the federal government to utilize title VIII of the elementary and  
20 secondary education act of 1965 monies in determining the apportionment  
21 prescribed in this section.

22 E. If a school district ~~which~~ THAT is eligible to receive monies  
23 pursuant to this article is unable to meet a scheduled payment on any  
24 lawfully incurred long-term obligation for debt service as provided in  
25 section 15-1022, the county treasurer shall use any amount distributed  
26 pursuant to this section to make the payment. The county treasurer shall  
27 keep a record of all the instances in which a payment is made pursuant to  
28 this subsection. Any monies subsequently collected by the district to make  
29 the scheduled payment shall be used to replace the amount diverted pursuant  
30 to this subsection. When determining the total amount to be funded by a levy  
31 of secondary taxes ~~upon~~ ON property within the school district for the  
32 following fiscal year, the county board of supervisors shall add to the  
33 amounts budgeted to be expended during the following fiscal year an amount  
34 equal to the total of all payments pursuant to this subsection during the  
35 current fiscal year ~~which~~ THAT were not repaid during the current year.

36 F. The total amount of state monies that may be spent in any fiscal  
37 year by the state board of education for apportionment of state aid for  
38 education shall not exceed the amount appropriated or authorized by section  
39 35-173 for that purpose. This section ~~shall~~ DOES not ~~be construed to~~ impose  
40 a duty on an officer, agent or employee of this state to discharge a  
41 responsibility or ~~to~~ create any right in a person or group if the discharge  
42 or right would require an expenditure of state monies in excess of the  
43 expenditure authorized by legislative appropriation for that specific  
44 purpose.

1 Sec. 24. Section 15-991, Arizona Revised Statutes, is amended to read:  
2 15-991. Annual estimate by county school superintendent of  
3 monies for ensuing year; review and approval by  
4 property tax oversight commission

5 A. The county school superintendent shall recompute the equalization  
6 assistance for education for each school district pursuant to section 15-971,  
7 subsection A and compute the additional amount to be levied pursuant to  
8 section 15-992, subsection B using the property values provided by the county  
9 assessor under section 42-17052. The county school superintendent must  
10 certify in writing to the property tax oversight commission on or before July  
11 25 of each year the amount of equalization assistance for education and the  
12 amount to be levied for each school district from the primary property tax  
13 pursuant to section 15-992.

14 B. The county school superintendent must prepare and file with the  
15 governing board of each school district in the county and the property tax  
16 oversight commission on or before July 25 of each year a written estimate of  
17 the amount of monies required by each school district for the ensuing school  
18 year based on the proposed budget adopted by each school district governing  
19 board. The estimate shall contain:

20 1. A statement of the student count of each school district.  
21 2. The total amount to be received for the year by each school  
22 district from the county school fund and the special county school reserve  
23 fund.

24 3. The projected ending cash balance from the previous year adjusted  
25 for encumbrances and payables for each school district as provided by the  
26 school district and as certified by the president of the school district  
27 governing board. A governing board may delegate to a superintendent, head  
28 teacher or business manager the authority to certify the projected cash  
29 balance.

30 4. The anticipated interest earnings for each school district.

31 5. Revenues equal to the amount included in the adopted budget for the  
32 maintenance and operation section of the budget permitted by section 15-947,  
33 subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and  
34 (vi) and subdivision (c). The county school superintendent shall subtract  
35 from each school district's budgeted expenditures the total amount of  
36 estimated revenues including the projected ending cash balance from the  
37 previous year adjusted for encumbrances and payables in order to estimate the  
38 additional amounts needed for each school district from the primary property  
39 tax and the secondary property tax. The county school superintendent shall  
40 certify ~~such THOSE~~ amounts to the board of supervisors and the property tax  
41 oversight commission in writing at the time of filing the estimate. ~~When~~  
42 ~~estimating the additional amount needed from the primary property tax for a~~  
43 ~~school district that is not eligible for any equalization assistance as~~  
44 ~~provided in section 15-971, the county school superintendent shall include~~  
45 ~~the school district governing board's estimate of the increase in the revenue~~

1 ~~control limit as prescribed by section 15-948 for the applicable year, except~~  
2 ~~that the percentage increase in average daily membership used to compute the~~  
3 ~~estimated increase in the revenue control limit may not exceed the average of~~  
4 ~~the percentage increase in average daily membership in the three years before~~  
5 ~~the year for which the estimate is made.~~

6. The calculation of the amount to be levied as prescribed by section  
7 15-992 using the values provided by the county assessor under section  
8 42-17052.

9 C. The property tax oversight commission must review the primary  
10 property tax calculations filed under subsection B, paragraph 6 of this  
11 section.

12 D. The county school superintendent must file in writing with the  
13 county board of supervisors and the property tax oversight commission on or  
14 before the third Monday in August of each year the amount that is required to  
15 be levied for each school district from both the primary property tax  
16 prescribed by section 15-992 and the secondary property tax.

17 E. On or before September 1, the governing board of a school district  
18 shall file with the county school superintendent an estimate of the amount of  
19 title VIII of the elementary and secondary education act of 1965 monies it is  
20 eligible to receive during the current year. On or before June 1, the  
21 governing board shall file with the county school superintendent and the  
22 superintendent of public instruction a statement of the actual amount of  
23 title VIII of the elementary and secondary education act of 1965 monies it  
24 received during the current year. This subsection does not apply to  
25 accommodation schools.

26 F. The department may collect any other similar or related information  
27 from school districts that the department may determine is necessary to carry  
28 out the purposes of this section.

29 Sec. 25. Section 15-1371, Arizona Revised Statutes, is amended to  
30 read:

31 15-1371. Equalization assistance for state educational system  
32 for committed youth: state education fund for  
33 committed youth

34 A. The superintendent of the state educational system for committed  
35 youth shall calculate a base support level as prescribed in section 15-943  
36 and district additional assistance as prescribed in section 15-961 for the  
37 educational system established pursuant to section 41-2831, except that:

38 1. Notwithstanding section 15-901:

39 (a) The student count shall be determined using the following  
40 definitions:

41 (i) "Daily attendance" means days in which a pupil attends an  
42 educational program for a minimum of two hundred forty minutes, not including  
43 meal and recess periods. Attendance for one hundred twenty or more minutes  
44 but fewer than two hundred forty minutes shall be counted as one-half day's  
45 attendance.

1                   (ii) "Fractional student" means a pupil **WHO IS** enrolled in an  
2 educational program of one hundred twenty or more minutes but fewer than two  
3 hundred forty minutes a day, not including meal and recess periods. A  
4 fractional student shall be counted as one-half of a full-time student.

5                   (iii) "Full-time student" means a pupil **WHO IS** enrolled in an  
6 educational program for a minimum of two hundred forty minutes a day, not  
7 including meal and recess periods.

8                   (b) "Pupils with serious emotional disabilities enrolled in a school  
9 district program as provided in section 15-765" includes pupils with serious  
10 emotional disabilities enrolled in the department of juvenile corrections  
11 school system.

12                  2. All pupils shall be counted as if they were enrolled in grades nine  
13 through twelve.

14                  3. The teacher experience index is 1.00.

15                  4. The base support level shall be calculated using the base level  
16 multiplied by 1.0, except that the state educational system for committed  
17 youth is also eligible ~~beginning with fiscal year 1992-1993~~ for additional  
18 teacher compensation monies as specified in section 15-952.

19                  5. Section 15-943, paragraph 1 does not apply.

20                  B. The superintendent may use ~~sections~~ **SECTION** 15-855 ~~and 15-948~~ in  
21 making the calculations prescribed in subsection A of this section, ~~except~~  
22 ~~that for the 1992-1993 fiscal year rapid decline shall not be used~~. The  
23 superintendent of the system and the department of education shall prescribe  
24 procedures for determining average daily membership.

25                  C. Equalization assistance for the state educational system for  
26 committed youth for the budget year is determined by adding the amount of the  
27 base support level and district additional assistance for the budget year  
28 calculated as prescribed in subsection A of this section.

29                  D. The state educational system for committed youth shall not receive  
30 twenty-five ~~per cent~~ **PERCENT** of the equalization assistance unless it is  
31 accredited by the north central association of colleges and secondary  
32 schools.

33                  E. The state education fund for committed youth is established. Fund  
34 monies shall be used for the purposes of the state educational system for  
35 committed youth, and notwithstanding section 35-173, monies appropriated to  
36 the fund shall not be transferred to or used for any program **THAT IS** not  
37 within the state educational system for committed youth. State equalization  
38 assistance for the state educational system for committed youth as determined  
39 in subsection A of this section, other state and federal monies received from  
40 the department of education for the state educational system for committed  
41 youth and monies appropriated for the state educational system for committed  
42 youth, except monies appropriated pursuant to subsection F of this section,  
43 shall be deposited in the fund. The state treasurer shall maintain separate  
44 accounts for fund monies if the separate accounts are required by statute or  
45 federal law.

1       F. The department of juvenile corrections may seek appropriations for  
2 capital needs for land, buildings and improvements, including repairs and  
3 maintenance, **THAT ARE** required to maintain the state educational system for  
4 committed youth.

5       G. The state board of education shall apportion state aid and deposit  
6 it, pursuant to sections 35-146 and 35-147, in the state education fund for  
7 committed youth in an amount as determined by subsection A of this section.  
8 The apportionments shall be as follows:

9       1. On July 1, one-third of the total amount to be apportioned during  
10 the fiscal year.

11       2. On October 15, one-twelfth of the total amount to be apportioned  
12 during the fiscal year.

13       3. On December 15, one-twelfth of the total amount to be apportioned  
14 during the fiscal year.

15       4. On January 15, one-twelfth of the total amount to be apportioned  
16 during the fiscal year.

17       5. On February 15, one-twelfth of the total amount to be apportioned  
18 during the fiscal year.

19       6. On March 15, one-twelfth of the total amount to be apportioned  
20 during the fiscal year.

21       7. On April 15, one-twelfth of the total amount to be apportioned  
22 during the fiscal year.

23       8. On May 15, one-twelfth of the total amount to be apportioned during  
24 the fiscal year.

25       9. On June 15, one-twelfth of the total amount to be apportioned  
26 during the fiscal year.

27       H. In conjunction with the department of administration, the  
28 superintendent of the state educational system for committed youth shall  
29 establish procedures to account for the receipt and expenditure of state  
30 education fund for committed youth monies by modifying the current accounting  
31 system used for state agencies as necessary.

32       Sec. 26. Section 15-1372, Arizona Revised Statutes, is amended to  
33 read:

34       15-1372. Equalization assistance for state educational system  
35                    for persons in the state department of corrections:  
36                    fund

37       A. The state department of corrections shall provide educational  
38 services for pupils who are under the age of eighteen years and pupils with  
39 disabilities who are age twenty-one or younger who are committed to the state  
40 department of corrections. The department of education shall provide  
41 technical assistance to the state department of corrections on request and  
42 shall assist the state department of corrections in establishing program and  
43 personnel standards.

1       B. The state education fund for correctional education is established.  
2 Subject to legislative appropriation, fund monies shall be used for the  
3 purposes of providing education to pupils as specified in subsection A of  
4 this section. Notwithstanding section 35-173, monies appropriated to the  
5 fund shall not be transferred to or used for any program **THAT IS** not directly  
6 related to the educational services required by this section. State  
7 equalization assistance, other state and federal monies received from the  
8 department of education for which the pupils in correctional education  
9 programs qualify and monies appropriated for correctional education except  
10 monies appropriated pursuant to subsection C of this section shall be  
11 deposited in the fund. The state treasurer shall maintain separate accounts  
12 for fund monies if the separate accounts are required by statute or federal  
13 law.

14      C. The state department of corrections may seek appropriations for  
15 capital needs for land, buildings and improvements, including repairs and  
16 maintenance, **THAT ARE** required to maintain the educational services required  
17 by this section.

18      D. The state board of education shall apportion state aid and deposit  
19 it, pursuant to sections 35-146 and 35-147, in the state education fund for  
20 correctional education in an amount as determined by subsection E of this  
21 section. The apportionments are as follows:

22       1. On July 1, one-third of the total amount to be apportioned during  
23 the fiscal year.

24       2. On October 15, one-twelfth of the total amount to be apportioned  
25 during the fiscal year.

26       3. On December 15, one-twelfth of the total amount to be apportioned  
27 during the fiscal year.

28       4. On January 15, one-twelfth of the total amount to be apportioned  
29 during the fiscal year.

30       5. On February 15, one-twelfth of the total amount to be apportioned  
31 during the fiscal year.

32       6. On March 15, one-twelfth of the total amount to be apportioned  
33 during the fiscal year.

34       7. On April 15, one-twelfth of the total amount to be apportioned  
35 during the fiscal year.

36       8. On May 15, one-twelfth of the total amount to be apportioned during  
37 the fiscal year.

38       9. On June 15, one-twelfth of the total amount to be apportioned  
39 during the fiscal year.

40      E. The director of the state department of corrections shall calculate  
41 a base support level as prescribed in section 15-943 and district additional  
42 assistance as prescribed in section 15-961 for the educational services  
43 required by this section, except that:

44       1. Notwithstanding section 15-901, the student count shall be  
45 determined using the following definitions:

1       (a) "Daily attendance" means days in which a pupil attends an  
2 educational program for a minimum of one hundred eighty minutes, not  
3 including meal and recess periods. Attendance for ninety or more minutes but  
4 fewer than one hundred eighty minutes shall be counted as one-half day's  
5 attendance.

6       (b) "Fractional student" means a pupil **WHO IS** enrolled in an  
7 educational program of ninety or more minutes but fewer than one hundred  
8 eighty minutes per day, not including meal and recess periods. A fractional  
9 student shall be counted as one-half of a full-time student.

10      (c) "Full-time student" means a pupil **WHO IS** enrolled in an  
11 educational program for a minimum of one hundred eighty minutes per day, not  
12 including meal and recess periods.

13      (d) "Pupil with a disability" has the same meaning as child with a  
14 disability prescribed in section 15-761.

15      2. All pupils shall be counted as if they were enrolled in grades nine  
16 through twelve.

17      3. The teacher experience index is 1.00.

18      4. The calculation for additional teacher compensation monies as  
19 prescribed in section 15-952 is available.

20      5. Section 15-943, paragraph 1 does not apply.

21      6. The base support level and capital outlay amounts calculated  
22 pursuant to this section shall be multiplied by 0.67.

23      7. The school year shall consist of a period of not less than two  
24 hundred eight days.

25      F. The director of the state department of corrections may use  
26 **sections SECTION 15-855 and 15-948** in making the calculations prescribed in  
27 subsection E of this section. The director of the state department of  
28 corrections and the department of education shall prescribe procedures for  
29 calculating average daily membership.

30      G. Equalization assistance for correctional education programs  
31 provided for those pupils specified in subsection A of this section is  
32 determined by adding the amount of the base support level and district  
33 additional assistance for the budget year calculated as prescribed in  
34 subsection E of this section.

35      H. The director of the state department of corrections shall keep  
36 records and provide information as the department of education requires to  
37 determine the appropriate amount of equalization assistance. Equalization  
38 assistance shall be used to provide educational services in this section.

39      I. The department of education and the state department of corrections  
40 shall enter into an intergovernmental agreement that establishes the  
41 necessary accountability between the two departments regarding the  
42 administrative and funding requirements contained in subsections A and B of  
43 this section. The agreement shall:

44      1. Provide for appropriate education to all committed youths as  
45 required by state and federal law.

1       2. Provide financial information to meet requirements for equalization  
2 assistance.

3       3. Provide for appropriate pupil intake and assessment procedures.

4       4. Require pupil performance assessment and the reporting of results.

5       Sec. 27. Section 15-2011, Arizona Revised Statutes, is amended to  
6 read:

7       15-2011. Minimum school facility adequacy requirements:  
8       definition

9       A. The school facilities board, as determined and prescribed in this  
10 chapter, shall provide funding to school districts for new construction as  
11 the number of pupils in the district fills the existing school facilities and  
12 requires more pupil space.

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

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

24       2. The buildings are in compliance with federal, state and local  
25 building and fire codes and laws that are applicable to the particular  
26 building, except that a school with an aggregate area of less than five  
27 thousand square feet is subject to permitting and inspection by a local fire  
28 marshal and is only subject to regulation or inspection by the state fire  
29 marshal if the county, city or town in which the school is located does not  
30 employ a local fire marshal. An existing school building is not required to  
31 comply with current requirements for new buildings unless this compliance is  
32 specifically mandated by law or by the building or fire code of the  
33 jurisdiction where the building is located.

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

37       4. The buildings are structurally sound.

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

41       1. For a school district that provides instruction to pupils in  
42 programs for preschool children with disabilities, kindergarten programs and  
43 grades one through six, eighty square feet per pupil in programs for  
44 preschool children with disabilities, kindergarten programs and grades one  
45 through six.

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

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

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

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

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

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

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

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

29       2. Geographic factors.

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

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

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

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

36           (a) Total gross square footage.

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

39       3. Consider the total space available in all schools in use in the  
40 school district, except that the school facilities board shall allow an  
41 exclusion of the square footage for certain schools and the pupils within the  
42 schools' boundaries if the school district demonstrates to the board's  
43 satisfaction unusual or excessive busing of pupils or unusual attendance  
44 boundary changes between schools.

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

5       5. Include all portable and modular buildings.

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

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

16       (b) The excess square footage of new school facilities does not  
17 exceed:

18       (i) FOR A SCHOOL DISTRICT THAT PROVIDES INSTRUCTION TO SEVEN THOUSAND  
19 FIVE HUNDRED OR FEWER PUPILS, twenty-five percent of the minimum square  
20 footage requirements pursuant to subsection C of this section.

21       (ii) FOR A SCHOOL DISTRICT THAT PROVIDES INSTRUCTION TO MORE THAN  
22 SEVEN THOUSAND FIVE HUNDRED PUPILS, TEN PERCENT OF THE MINIMUM SQUARE FOOTAGE  
23 REQUIREMENTS PURSUANT TO SUBSECTION C OF THIS SECTION.

24       (c) The excess square footage of expansions to school facilities does  
25 not exceed:

26       (i) FOR A SCHOOL DISTRICT THAT PROVIDES INSTRUCTION TO SEVEN THOUSAND  
27 FIVE HUNDRED OR FEWER PUPILS, twenty-five percent of the minimum square  
28 footage requirements pursuant to subsection C of this section.

29       (ii) FOR A SCHOOL DISTRICT THAT PROVIDES INSTRUCTION TO MORE THAN  
30 SEVEN THOUSAND FIVE HUNDRED PUPILS, TEN PERCENT OF THE MINIMUM SQUARE FOOTAGE  
31 REQUIREMENTS PURSUANT TO SUBSECTION C OF THIS SECTION.

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

35       8. Include square footage that a school district has leased to another  
36 entity, ~~including square footage leased to a charter school that is sponsored~~  
37 ~~by a school district pursuant to section 15-183.~~

38       F. The school facilities board shall adopt rules establishing minimum  
39 school facility adequacy guidelines. The guidelines shall provide the  
40 minimum quality and quantity of school buildings and facilities and equipment  
41 necessary and appropriate to enable pupils to achieve the academic standards  
42 pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections  
43 15-701 and 15-701.01. At a minimum, the school facilities board shall  
44 address all of the following in developing these guidelines:

- 1       1. School sites.
- 2       2. Classrooms.
- 3       3. Libraries and media centers, or both.
- 4       4. Cafeterias.
- 5       5. Auditoriums, multipurpose rooms or other multiuse space.
- 6       6. Technology.
- 7       7. Transportation.
- 8       8. Facilities for science, arts and physical education.

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

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

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

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

23       I. For the purposes of this section, "student capacity" means the  
24 capacity adjusted to include any additions to or deletions of space,  
25 including modular or portable buildings at the school. The school facilities  
26 board shall determine the student capacity for each school in conjunction  
27 with each school district, recognizing each school's allocation of space as  
28 of July 1, 1998, to achieve the academic standards prescribed pursuant to  
29 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and  
30 15-701.01.

31       Sec. 28. Section 15-2032, Arizona Revised Statutes, is amended to  
32 read:

33       15-2032. School facilities board building renewal grant fund;  
34                   definitions

35       A. The building renewal grant fund is established consisting of monies  
36 appropriated to the fund by the legislature. The school facilities board  
37 shall administer the fund and distribute monies to school districts for the  
38 purpose of maintaining the adequacy of existing school facilities. Monies in  
39 the fund are exempt from the provisions of section 35-190 relating to lapsing  
40 of appropriations.

41       B. The school facilities board shall distribute monies from the fund  
42 based on grant requests from school districts to fund primary building  
43 renewal projects. Project requests shall be prioritized by the school  
44 facilities board, with priority given to school districts that have provided  
45 routine preventative maintenance on the facility, and to school districts

1 that can provide a match of monies provided by the fund. The school  
2 facilities board shall approve only projects that will be completed within  
3 twelve months, unless similar projects on average take longer to complete.  
4

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

- 8 1. Major renovations and repairs to a building.
- 9 2. Upgrading systems and areas that will maintain or extend the useful  
life of the building.

10 3. Infrastructure costs.

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

- 13 1. New construction.
- 14 2. Remodeling interior space for aesthetic or preferential reasons.
- 15 3. Exterior beautification.
- 16 4. Demolition.
- 17 5. Routine preventative maintenance.
- 18 6. Any project in a building, or part of a building, that is being  
leased to another entity, ~~including a charter school that is sponsored by a~~  
~~school district pursuant to section 15-183.~~

19 E. Accommodation schools are not eligible for monies from the building  
20 renewal grant fund.

21 F. If the school facilities board or a court of competent jurisdiction  
22 determines that a school district received monies from the building renewal  
23 grant fund that must be reimbursed to the school facilities board due to  
24 legal action associated with improper construction by a hired contractor, the  
25 school district shall reimburse the school facilities board an agreed-on  
26 amount for deposit into the building renewal grant fund.

27 G. For the purposes of this section:

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

34 2. "Routine preventative maintenance" means services that are  
35 performed on a regular schedule at intervals ranging from four times a year  
36 to once every three years, or on the schedule of services recommended by the  
37 manufacturer of the specific building system or equipment, **AND** that are  
38 intended to extend the useful life of a building system and reduce the need  
39 for major repairs.

40 3. "Student capacity" has the same meaning prescribed in section  
41 15-2011.

1        Sec. 29. Section 15-2041, Arizona Revised Statutes, is amended to  
2 read:

3        **15-2041. New school facilities fund: capital plan: report**

4        A. A new school facilities fund is established consisting of monies  
5 appropriated by the legislature and monies credited to the fund pursuant to  
6 section 37-221. The school facilities board shall administer the fund and  
7 distribute monies, as a continuing appropriation, to school districts for the  
8 purpose of constructing new school facilities and for contracted expenses  
9 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30  
10 of each fiscal year, any unobligated contract monies in the new school  
11 facilities fund shall be transferred to the capital reserve fund established  
12 by section 15-2003.

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

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

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

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

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

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

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

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

31        5. If a school district pays tuition for all or a portion of the  
32 school district's high school pupils to another school district, the capital  
33 plan shall indicate the number of pupils for which the district pays tuition  
34 to another district. If a school district accepts pupils from another school  
35 district pursuant to section 15-824, subsection A, the school district shall  
36 indicate the projections for this population separately. This paragraph does  
37 not apply to a small isolated school district as defined in section 15-901.

38        C. If the capital plan indicates a need for a new school or an  
39 addition to an existing school within the next four years or a need for land  
40 within the next ten years, the school district shall submit its plan to the  
41 school facilities board by September 1 and shall request monies from the new  
42 school facilities fund for the new construction or land. The school  
43 facilities board may require a school district to sell land that was  
44 previously purchased entirely with monies provided by the school facilities  
45 board if the school facilities board determines that the property is no

1 longer needed within the ~~ten-year~~ TEN-YEAR period specified in this  
2 subsection for a new school or no longer needed within that ~~ten-year~~ TEN-YEAR  
3 period for an addition to an existing school. Monies provided for land shall  
4 be in addition to any monies provided pursuant to subsection D of this  
5 section.

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

8 1. The school facilities board shall review and evaluate the  
9 enrollment projections. On or before March 1, following the submission of  
10 the enrollment projections, the school facilities board shall either approve  
11 the projections as submitted or revise the projections. In approving or  
12 revising the enrollment projections, the school facilities board shall use  
13 the most recent average daily membership data available. On request from the  
14 school facilities board, the department of education shall make available the  
15 most recent average daily membership data for use in revising the enrollment  
16 projections. In determining new construction requirements, the school  
17 facilities board shall determine the net new growth of pupils that will  
18 require additional square footage that exceeds the building adequacy  
19 standards prescribed in section 15-2011. If the projected growth and the  
20 existing number of pupils exceed three hundred fifty pupils who are served in  
21 a school district other than the pupil's resident school district, the school  
22 facilities board, the receiving school district and the resident school  
23 district shall develop a capital facilities plan on how to best serve those  
24 pupils. A small isolated school district as defined in section 15-901 is not  
25 required to develop a capital facilities plan pursuant to this paragraph.

26 2. If the approved projections indicate that additional space would  
27 not have been needed during the current school year in order to meet the  
28 building adequacy standards prescribed in section 15-2011, the request shall  
29 be held for consideration by the school facilities board for possible future  
30 funding and the school district shall annually submit an updated plan until  
31 the additional space is needed.

32 3. If the approved projections indicate that additional space would  
33 have been needed during the current school year in order to meet the building  
34 adequacy standards prescribed in section 15-2011, the school facilities board  
35 shall provide an amount as follows:

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

44 (b) Multiply the number of pupils determined in subdivision (a) of  
45 this paragraph by the square footage per pupil. The square footage per pupil

1 is ninety square feet per pupil for preschool children with disabilities,  
2 kindergarten programs and grades one through six, one hundred square feet for  
3 grades seven and eight, one hundred thirty-four square feet for a school  
4 district that provides instruction in grades nine through twelve for fewer  
5 than one thousand eight hundred pupils and one hundred twenty-five square  
6 feet for a school district that provides instruction in grades nine through  
7 twelve for at least one thousand eight hundred pupils. The total number of  
8 pupils in grades nine through twelve in the district shall determine the  
9 square footage factor to use for net new pupils. The school facilities board  
10 may modify the square footage requirements prescribed in this subdivision for  
11 particular schools based on any of the following factors:

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

14 (ii) Geographic factors.

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

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

19 (c) Multiply the product obtained in subdivision (b) of this paragraph  
20 by the cost per square foot. The cost per square foot is ninety dollars for  
21 preschool children with disabilities, kindergarten programs and grades one  
22 through six, ninety-five dollars for grades seven and eight and one hundred  
23 ten dollars for grades nine through twelve. The cost per square foot shall  
24 be adjusted annually for construction market considerations based on an index  
25 identified or developed by the joint legislative budget committee as  
26 necessary but not less than once each year. The school facilities board  
27 shall multiply the cost per square foot by 1.05 for any school district  
28 located in a rural area. The school facilities board may only modify the  
29 base cost per square foot prescribed in this subdivision for particular  
30 schools based on geographic conditions or site conditions. For the purposes  
31 of this subdivision, "rural area" means an area outside a ~~thirty-five mile~~  
32 THIRTY-FIVE-MILE radius of a boundary of a municipality with a population of  
33 more than fifty thousand persons.

34 (d) Once the school district governing board obtains approval from the  
35 school facilities board for new facility construction funds, additional  
36 portable or modular square footage created for the express purpose of  
37 providing temporary space for pupils until the completion of the new facility  
38 shall not be included by the school facilities board for the purpose of new  
39 construction funding calculations. On completion of the new facility  
40 construction project, if the portable or modular facilities continue in use,  
41 the portable or modular facilities shall be included as prescribed by this  
42 chapter, unless the school facilities board approves their continued use for  
43 the purpose of providing temporary space for pupils until the completion of  
44 the next new facility that has been approved for funding from the new school  
45 facilities fund.

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

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

11       6. If a school district leases a building to another entity, ~~including~~  
12 ~~a charter school that is sponsored by a school district pursuant to section~~  
13 ~~15-183~~, that building shall be included in the school district's square  
14 footage calculation for purposes of new construction pursuant to this  
15 section.

16       7. A school district shall qualify for monies from the new school  
17 facilities fund in a fiscal year only if the school facilities board has  
18 approved or revised its enrollment projection under paragraph 3 of this  
19 subsection on or before March 1 of the prior fiscal year.

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

37       F. The school facilities board shall distribute the monies needed for  
38 land for new schools so that land may be purchased at a price that is less  
39 than or equal to fair market value and in advance of the construction of the  
40 new school. If necessary, the school facilities board may distribute monies  
41 for land to be leased for new schools if the duration of the lease exceeds  
42 the life expectancy of the school facility by at least fifty ~~per cent~~  
43 **PERCENT**. A school district shall not use land purchased or partially  
44 purchased with monies provided by the school facilities board for a purpose  
45 other than a site for a school facility without obtaining prior written

1 approval from the school facilities board. A school district shall not  
2 lease, sell or take any action that would diminish the value of land  
3 purchased or partially purchased with monies provided by the school  
4 facilities board without obtaining prior written approval from the school  
5 facilities board. The proceeds derived through the sale of any land  
6 purchased or partially purchased, or the sale of buildings funded or  
7 partially funded, with monies provided by the school facilities board shall  
8 be returned to the state fund from which it was appropriated and to any other  
9 participating entity on a proportional basis. Except as provided in section  
10 15-342, paragraph 33, if a school district acquires real property by donation  
11 at an appropriate school site approved by the school facilities board, the  
12 school facilities board shall distribute an amount equal to twenty ~~per cent~~  
13 **PERCENT** of the fair market value of the donated real property that can be  
14 used for academic purposes. The school district shall place the monies in  
15 the unrestricted capital outlay fund and increase the unrestricted capital  
16 budget limit by the amount of monies placed in the fund. Monies distributed  
17 under this subsection shall be distributed from the new school facilities  
18 fund. A school district that receives monies from the new school facilities  
19 fund for a donation of land pursuant to section 15-342, paragraph 33 shall  
20 not receive monies from the school facilities board for the donation of real  
21 property pursuant to this subsection. A school district shall not pay a  
22 consultant a percentage of the value of any of the following:

23 1. Donations of real property, services or cash from any of the  
24 following:

25 (a) Entities that have offered to provide construction services to the  
26 school district.

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

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

30 (d) Entities that develop land for residential use in that school  
31 district.

32 2. Monies received from the school facilities board on behalf of the  
33 school district.

34 3. Monies paid by the school facilities board on behalf of the school  
35 district.

36 G. In addition to distributions to school districts based on pupil  
37 growth projections, a school district may submit an application to the school  
38 facilities board for monies from the new school facilities fund if one or  
39 more school buildings have outlived their useful life. If the school  
40 facilities board determines that the school district needs to build a new  
41 school building for these reasons, the school facilities board shall remove  
42 the square footage computations that represent the building from the  
43 computation of the school district's total square footage for purposes of  
44 this section. If the square footage recomputation reflects that the school  
45 district no longer meets building adequacy standards, the school district

1 qualifies for a distribution of monies from the new school construction  
2 formula in an amount determined pursuant to subsection D of this section.  
3 The school facilities board may only modify the base cost per square foot  
4 prescribed in this subsection under extraordinary circumstances for  
5 geographic factors or site conditions.

6 H. School districts that receive monies from the new school facilities  
7 fund shall establish a district new school facilities fund and shall use the  
8 monies in the district new school facilities fund only for the purposes  
9 prescribed in this section. By October 15 of each year, each school district  
10 shall report to the school facilities board the projects funded at each  
11 school in the previous fiscal year with monies from the district new school  
12 facilities fund and shall provide an accounting of the monies remaining in  
13 the new school facilities fund at the end of the previous fiscal year.

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

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

35 K. If a school district uses its own project manager for new school  
36 construction, the members of the school district governing board and the  
37 project manager shall sign an affidavit stating that the members and the  
38 project manager understand and will follow the minimum adequacy requirements  
39 prescribed in section 15-2011.

40 L. The school facilities board shall establish a separate account in  
41 the new school facilities fund designated as the litigation account to pay  
42 attorney fees, expert witness fees and other costs associated with litigation  
43 in which the school facilities board pursues the recovery of damages for  
44 deficiencies correction that resulted from alleged construction defects or  
45 design defects that the school facilities board believes caused or

1 contributed to a failure of the school building to conform to the building  
2 adequacy requirements prescribed in section 15-2011. Attorney fees paid  
3 pursuant to this subsection shall not exceed the market rate for similar  
4 types of litigation. On or before December 1 of each year, the school  
5 facilities board shall report to the joint committee on capital review the  
6 costs associated with current and potential litigation that may be paid from  
7 the litigation account.

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

13 N. The school facilities board shall submit electronically a report on  
14 project management services and preconstruction services to the governor, the  
15 president of the senate and the speaker of the house of representatives by  
16 December 31 of each year. The report shall compare projects that use project  
17 management and preconstruction services with those that do not. The report  
18 shall address cost, schedule and other measurable components of a  
19 construction project. School districts, construction manager at risk firms  
20 and project management firms that participate in a school facilities board  
21 funded project shall provide the information required by the school  
22 facilities board in relation to this report.

23 O. If a school district constructs new square footage according to  
24 section 15-342, paragraph 33, the school facilities board shall review the  
25 design plans and location of any new school facility submitted by school  
26 districts and another party to determine whether the design plans comply with  
27 the adequacy standards prescribed in section 15-2011 and the square footage  
28 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)  
29 of this section. When the school district qualifies for a distribution of  
30 monies from the new school facilities fund according to this section, the  
31 school facilities board shall distribute monies to the school district from  
32 the new school facilities fund for the square footage constructed under  
33 section 15-342, paragraph 33 at the same cost per square foot established by  
34 this section that was in effect at the time of the beginning of the  
35 construction of the school facility. Before the school facilities board  
36 distributes any monies pursuant to this subsection, the school district shall  
37 demonstrate to the school facilities board that the facilities to be funded  
38 pursuant to this section meet the minimum adequacy standards prescribed in  
39 section 15-2011. The agreement entered into pursuant to section 15-342,  
40 paragraph 33 shall set forth the procedures for the allocation of these funds  
41 to the parties that participated in the agreement.

42 P. Accommodation schools are not eligible for monies from the new  
43 school facilities fund.

1 Sec. 30. Laws 2014, chapter 16, section 5 is amended to read:

2 Sec. 5. School district charter schools: adjustments

3 A. Notwithstanding any other law, for fiscal year 2015-2016, the  
4 department of education shall compute K-12 equalization formula funding for  
5 students who in fiscal year 2014-2015 attended school district charter  
6 schools that converted to charter school status or that began operating as  
7 new schools under charter school status in fiscal year 2013-2014 as if those  
8 students had attended school district non-charter schools in fiscal year  
9 2014-2015 and shall adjust student counts and budget limits for fiscal year  
10 2015-2016 accordingly, EXCEPT THAT ANY ADJUSTMENT IN STUDENT COUNTS THAT IS  
11 MADE PURSUANT TO THIS SUBSECTION DOES NOT MAKE A SCHOOL DISTRICT ELIGIBLE FOR  
12 DISTRICT ADDITIONAL ASSISTANCE GROWTH FUNDING PURSUANT TO SECTION 15-961,  
13 SUBSECTION B, PARAGRAPH 3, ARIZONA REVISED STATUTES.

14 B. NOTWITHSTANDING ANY OTHER LAW, FOR FISCAL YEAR 2016-2017, THE  
15 DEPARTMENT OF EDUCATION SHALL COMPUTE DISTRICT ADDITIONAL ASSISTANCE FUNDING  
16 FOR STUDENTS WHO ATTENDED SCHOOL DISTRICT CHARTER SCHOOLS IN FISCAL YEAR  
17 2015-2016 AS IF THOSE STUDENTS HAD ATTENDED SCHOOL DISTRICT NON-CHARTER  
18 SCHOOLS IN FISCAL YEAR 2015-2016 AND SHALL ADJUST STUDENT COUNTS AND BUDGET  
19 LIMITS PERTAINING TO DISTRICT ADDITIONAL ASSISTANCE FOR FISCAL YEAR 2016-2017  
20 ACCORDINGLY, EXCEPT THAT ANY ADJUSTMENT IN STUDENT COUNTS THAT IS MADE  
21 PURSUANT TO THIS SUBSECTION DOES NOT MAKE A SCHOOL DISTRICT ELIGIBLE FOR  
22 DISTRICT ADDITIONAL ASSISTANCE GROWTH FUNDING PURSUANT TO SECTION 15-961,  
23 SUBSECTION B, PARAGRAPH 3, ARIZONA REVISED STATUTES.

24 Sec. 31. Delayed repeal

25 Laws 2014, chapter 16, section 6, as amended by Laws 2014, chapter 214,  
26 section 5, is repealed from and after June 30, 2016.

27 Sec. 32. Laws 2014, chapter 17, section 10 is amended to read:

28 Sec. 10. Delayed repeal

29 Section ~~15-216~~ 15-217, Arizona Revised Statutes, as ~~added~~ AMENDED by  
30 this act, is repealed from and after December 31, ~~2017~~ 2019.

31 Sec. 33. Laws 2014, chapter 17, section 19 is amended to read:

32 Sec. 19. Appropriations: K-6 technology-based language  
33 development and literacy intervention pilot program;  
34 exemption from lapsing

35 The sum of \$300,000 is appropriated to the ~~state board of education~~  
36 SUPERINTENDENT OF PUBLIC INSTRUCTION in fiscal ~~years~~ YEAR 2014-2015 and THE  
37 SUM OF \$246,800 IS APPROPRIATED TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION  
38 IN FISCAL YEAR 2015-2016 from the technology-based language development and  
39 literacy intervention fund established by section ~~15-216~~ 15-217, Arizona  
40 Revised Statutes, as ~~added~~ AMENDED by this act, for the purpose of providing  
41 payment to the educational technology provider selected by the state board  
42 pursuant to section ~~15-216~~ 15-217, Arizona Revised Statutes, as ~~added~~ AMENDED  
43 by this act. THE MONIES APPROPRIATED FOR FISCAL YEAR 2014-2015 ARE EXEMPT  
44 FROM THE PROVISIONS OF SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO  
45 LAPSING OF APPROPRIATIONS, THROUGH FISCAL YEAR 2016-2017, AND THE MONIES

1 APPROPRIATED FOR FISCAL YEAR 2015-2016 ARE EXEMPT FROM THE PROVISIONS OF  
2 SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO LAPSE OF  
3 APPROPRIATIONS, THROUGH FISCAL YEAR 2017-2018.

4 Sec. 34. Pilot program on school emergency readiness: report:  
5 delayed repeal

6 A. The \$3,646,500 state general fund appropriation to the department  
7 of education for the school safety program for fiscal year 2016-2017 in the  
8 general appropriation act includes \$100,000 for a pilot program on school  
9 emergency readiness.

10 B. On or before September 30, 2016, school districts shall submit  
11 applications to the department of education to participate in the pilot  
12 program.

13 C. On or before November 30, 2016, the department of education shall  
14 select three school districts to participate in the pilot program. The  
15 selected school districts shall collectively consist of no more than  
16 thirty-one individual school sites and shall include:

17 1. One school district that is located in a county with a population  
18 of eight hundred thousand persons or more according to the 2010 United States  
19 decennial census.

20 2. One school district that is located in a county with a population  
21 of one hundred thousand persons or more but less than eight hundred thousand  
22 persons according to the 2010 United States decennial census.

23 3. One school district that is located in a county with a population  
24 of less than one hundred thousand persons according to the 2010 United States  
25 decennial census.

26 D. School districts that are selected to participate in the pilot  
27 program shall be provided and use a readiness and emergency management  
28 program that incorporates the following:

29 1. Education-specific emergency management software. All plans and  
30 critical emergency readiness information, including contacts, floor plans and  
31 critical equipment photos and locations, shall be accessible online and  
32 off-line via mobile device applications. The software used in the pilot  
33 program shall comply with the national emergency information management  
34 system adopted by the federal emergency management agency.

35 2. Training of teachers and administrators in the readiness and  
36 emergency management program.

37 3. The development, implementation and maintenance of a comprehensive  
38 crisis plan for participating school districts and their teachers and  
39 administrators.

40 E. On or before November 1, 2017, the department of education shall  
41 submit to the governor, the president of the senate and the speaker of the  
42 house of representatives a report that summarizes the results of the pilot  
43 program. The department of education shall provide a copy of the report to  
44 the secretary of state.

45 F. This section is repealed from and after December 31, 2017.

1        Sec. 35. District additional assistance for school districts:  
2                    reduction for fiscal year 2016-2017: classroom  
3                    spending

4        A. For fiscal year 2016-2017, the department of education shall reduce  
5 by \$352,442,700 the amount of basic state aid that otherwise would be  
6 apportioned to school districts statewide for fiscal year 2016-2017 for  
7 district additional assistance prescribed in section 15-961, Arizona Revised  
8 Statutes, and shall reduce school district budget limits accordingly.

9        B. For fiscal year 2016-2017, the department of education shall reduce  
10 district additional assistance for a school district that is not eligible to  
11 receive basic state aid funding for fiscal year 2016-2017 by the amount that  
12 its district additional assistance would be reduced pursuant to subsection A  
13 of this section if the school district were eligible to receive basic state  
14 aid funding for fiscal year 2016-2017 and shall reduce the school district's  
15 budget limits accordingly.

16        C. It is the intent of the governor and the legislature that school  
17 districts increase the total percentage of classroom spending over the  
18 previous year's percentages in the combined categories of instruction,  
19 student support and instructional support as defined by the auditor general.

20        Sec. 36. K-12 formula reductions: small districts; maximum

21        Notwithstanding any other law, the sum of district additional  
22 assistance reductions in fiscal year 2016-2017 for school districts with a  
23 student count of fewer than 1,100 pupils may not exceed \$5,000,000.

24        Sec. 37. Additional assistance funding for charter schools;  
25                    reduction for fiscal year 2016-2017

26        The department of education shall reduce by \$18,656,000 the amount of  
27 charter additional assistance funding that otherwise would be apportioned to  
28 charter schools statewide for fiscal year 2016-2017 pursuant to section  
29 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as amended by  
30 this act. The funding reduction required under this section shall be made on  
31 a proportional basis based on the charter additional assistance funding that  
32 each charter school in this state would have received for fiscal year  
33 2016-2017 without the prescribed reduction.

34        Sec. 38. Joint technical education district equalization  
35                    funding: fiscal year 2016-2017

36        Notwithstanding section 15-393, Arizona Revised Statutes, as amended by  
37 this act, or any other law, the department of education shall fund state aid  
38 for joint technical education districts with a student count of more than two  
39 thousand students for fiscal year 2016-2017 at ninety-five and one-half  
40 percent of the amount that otherwise would be provided by law and shall  
41 reduce its budget limits accordingly. The state aid reduction required for a  
42 joint technical education district under this section shall be computed as if  
43 the base support level portion of the district's equalization formula funding  
44 for fiscal year 2016-2017 were based on the district's prior year rather than  
45 current year average daily membership.

1        Sec. 39. Joint technical education district programs; student  
2        eligibility; fiscal years 2015-2016 and 2016-2017;  
3        retroactivity

4        A. Notwithstanding section 15-393, subsection D, paragraph 4,  
5        subdivision (c), Arizona Revised Statutes, as amended by this act, a student  
6        who is not over twenty-one years of age, including a student who has  
7        graduated from high school or who has received a general equivalency diploma,  
8        and who was lawfully enrolled in a joint technical education district  
9        program:

10        1. During fiscal year 2015-2016 may continue to participate in the  
11        program and remain in the average daily membership of the joint technical  
12        education district through the end of fiscal year 2015-2016.

13        2. On February 1, 2016 may continue to participate in the program and  
14        remain in the average daily membership of the joint technical education  
15        district until the student completes the joint technical education program or  
16        through the end of fiscal year 2016-2017, whichever occurs first.

17        B. This section is effective retroactively to from and after  
18        June 30, 2015.

19        Sec. 40. Code writers initiative pilot program; appropriation;  
20        exemption; fiscal year 2016-2017; program  
21        termination

22        A. Notwithstanding section 41-3506, Arizona Revised Statutes, the sum  
23        of \$500,000 in one-time funding is appropriated from the state web portal  
24        fund established by section 41-3506, Arizona Revised Statutes, in fiscal year  
25        2016-2017 to the department of education to provide grants on a competitive  
26        basis pursuant to title 41, chapter 24, article 1, Arizona Revised Statutes,  
27        for participation in the code writers initiative pilot program. The American  
28        Indian advisory council in the department of education shall evaluate grant  
29        applications and shall make award recommendations to the department of  
30        education. The department shall maximize available funding by awarding  
31        grants to participants who will leverage state monies by securing gifts,  
32        grants and donations from other sources.

33        B. Grantees in the code writers initiative pilot program shall:

34        1. Introduce computer code writing curriculum for students in grades  
35        nine through twelve.

36        2. Deliver a technology-focused education to Native American students  
37        that will prepare the students for the global economy.

38        3. Instruct Native American students in computer code writing and work  
39        with industry partners to develop internships and programs that will be made  
40        available to initiative graduates.

41        4. Instruct teachers and administrators in a technology-focused  
42        curriculum.

43        5. Develop assessment metrics to measure progress to be used to  
44        determine the initiative's effectiveness.

1       6. Install audio video distance learning equipment at key delivery  
2 points to maximize the number of program participants.

3       7. Determine the impacts from the initiative's curriculum and teacher  
4 instruction on students' standardized test scores and graduation rates.

5       8. Submit annual reports to the American Indian advisory council and  
6 the department of education not later than September 1, 2017 and September 1,  
7 2018, if applicable, containing detailed information relating to the  
8 requirements of this subsection for the most recent school year.

9       C. The department of education shall summarize the reports submitted  
10 pursuant to subsection B, paragraph 8 of this section and submit summaries on  
11 or before December 1, 2017 and December 1, 2018 to the president of the  
12 senate, the speaker of the house and the director of the joint legislative  
13 budget committee. The department shall submit a copy of each summary to the  
14 secretary of state.

15       D. The appropriation made in subsection A of this section is exempt  
16 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
17 lapsing of appropriations.

18       E. The program established pursuant to this section ends on July 1,  
19 2019 pursuant to section 41-3102.

20       Sec. 41. Classroom site fund; fund sources and per pupil  
21                   amount; fiscal year 2016-2017

22       A. Notwithstanding section 15-977, subsection A, Arizona Revised  
23 Statutes, for fiscal year 2016-2017, the classroom site fund may receive  
24 monies appropriated from the state general fund.

25       B. Notwithstanding section 15-977, subsection G, paragraph 1, Arizona  
26 Revised Statutes, the per pupil amount from the classroom site fund for  
27 fiscal year 2016-2017 is \$343.50.

28       Sec. 42. College credit by examination incentive pilot program;  
29                   incentive bonuses; report; appropriation; exemption;  
30                   delayed repeal

31       A. The college credit by examination incentive pilot program is  
32 established within the department of education to provide an incentive bonus  
33 to teachers, school districts and charter schools for students who obtain  
34 college credit by examination on a qualifying examination while in high  
35 school.

36       B. The Arizona board of regents shall maintain a list of qualifying  
37 examinations that a high school student may take in order to receive college  
38 credit in mathematics, English language arts or science from any university  
39 under the jurisdiction of the Arizona board of regents and the passing scores  
40 required on those examinations in order to receive college credit. On or  
41 before September 1, 2016, the Arizona board of regents shall provide the list  
42 of qualifying examinations and passing scores to the department of education  
43 and shall submit this list to the joint legislative budget committee for  
44 review.

1       C. The department of education shall pay an incentive bonus in fiscal  
2 year 2017-2018 to school districts and charter schools for each student in  
3 grades nine through twelve who receives, in the 2016-2017 school year, a  
4 passing score on a qualifying examination identified by the Arizona board of  
5 regents pursuant to subsection B of this section. A student who receives a  
6 passing score on a qualifying examination and who is enrolled in a school  
7 where fifty percent or more of the students are eligible for free or reduced  
8 price lunches shall generate for the school district or charter school a  
9 bonus of four hundred fifty dollars per passing score on a qualifying  
10 examination. A student who receives a passing score on a qualifying  
11 examination and who is enrolled in a school where less than fifty percent of  
12 the students are eligible for free or reduced price lunches shall generate  
13 for the school district or charter school a bonus of three hundred dollars  
14 per passing score on a qualifying examination. If the statewide sum of per  
15 student bonuses awarded pursuant to this subsection exceeds the amount of  
16 available monies appropriated for incentive bonuses, the bonus monies shall  
17 be reduced proportionally to cover all eligible bonus awards.

18      D. A school district or charter school that receives an incentive  
19 bonus pursuant to this section shall distribute at least fifty percent of the  
20 bonus monies to the associated classroom teacher for each student who passes  
21 a qualifying examination. Bonuses awarded to a teacher pursuant to this  
22 subsection shall be in addition to any regular wage, compensation or other  
23 bonus the teacher receives or is scheduled to receive. The remainder of any  
24 bonus monies received by a school district or charter school shall be used  
25 for teacher professional development, student instructional support or  
26 materials. Any bonus monies received by a school district or charter school  
27 pursuant to this subsection shall be separately accounted for in the school  
28 district's or charter school's annual financial report.

29      E. Incentive bonuses distributed and any bonus monies received by a  
30 school district or charter school pursuant to this section are not subject to  
31 collective bargaining.

32      F. On or before December 15, 2018, the department of education shall  
33 submit to the president of the senate, the speaker of the house of  
34 representatives and the governor a report on all of the following:

35       1. The number of students who took a qualifying examination at each  
36 school.

37       2. The number of students who received a passing score on a qualifying  
38 examination and the number of incentive bonus awards distributed.

39       3. The number and types of qualifying examinations taken by students.

40      G. The sum of \$5,000,000 in one-time funding is appropriated from the  
41 state general fund in fiscal year 2016-2017 to the department of education to  
42 provide incentive bonuses to teachers, school districts and charter schools  
43 for students who obtain college credit by examination on a qualifying  
44 examination while in high school. The appropriated amount is exempt from the

1 provisions of section 35-190, Arizona Revised Statutes, relating to lapsing  
2 of appropriations, through fiscal year 2017-2018.

3 H. This section is repealed from and after December 31, 2018.

4 Sec. 43. Retroactivity

5 A. Section 15-185, Arizona Revised Statutes, as amended by this act,  
6 applies retroactively to from and after June 30, 2016.

7 B. Section 15-2011, subsection E, paragraph 6, subdivisions (b) and  
8 (c), Arizona Revised Statutes, as amended by this act, apply retroactively to  
9 from and after December 31, 2015.

10 C. The repeal by this act of Laws 2014, chapter 16, section 6, as  
11 amended by Laws 2014, chapter 214, section 5, is effective retroactively to  
12 from and after June 30, 2016.

13 D. Laws 2014, chapter 16, section 5, as amended by this act, applies  
14 retroactively to from and after June 30, 2015.

15 Sec. 44. Conditional enactment

16 Section 15-901, Arizona Revised Statutes, as amended by Laws 2015,  
17 first special session, chapter 1, section 1 and by this act, does not become  
18 effective unless the Constitution of Arizona is amended by Proposition 123 at  
19 the special election conducted on May 17, 2016.