

REFERENCE TITLE: K-12 education; budget reconciliation; 2018-2019.

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

HB 2663

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

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-189.05; AMENDING SECTIONS 15-213 AND 15-249.06, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-249.12 AND 15-249.13; AMENDING SECTIONS 15-341, 15-901, 15-903, 15-945, 15-2001 AND 15-2002, ARIZONA REVISED STATUTES; AMENDING SECTION 15-2011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 258, SECTION 11 AND CHAPTER 304, SECTION 7; REPEALING SECTION 15-2011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 258, SECTION 11 AND CHAPTER 320, SECTION 5; AMENDING SECTIONS 15-2032, 15-2041 AND 41-1279.03, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3018.19, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3022.18; AMENDING LAWS 2017, CHAPTER 304, SECTION 9; 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 15-183, Arizona Revised Statutes, is amended to
3 read:

4 15-183. Charter schools; application; requirements; immunity;
5 exemptions; renewal of application; reprisal; fee;
6 funds; annual reports

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

- 12 1. A detailed educational plan.
- 13 2. A detailed business plan.
- 14 3. A detailed operational plan.
- 15 4. Any other materials required by the sponsor.

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

19 C. The sponsor of a charter school may be either the state board of
20 education, the state board for charter schools, a university under the
21 jurisdiction of the Arizona board of regents, a community college district
22 or a group of community college districts, subject to the following
23 requirements:

24 1. An applicant may not submit an application for sponsorship to
25 any person or entity other than those prescribed in this subsection.

26 2. The applicant may submit the application to the state board of
27 education or the state board for charter schools. Notwithstanding any
28 other law, neither the state board for charter schools nor the state board
29 of education shall grant a charter to a school district governing board
30 for a new charter school or for the conversion of an existing district
31 public school to a charter school. The state board of education or the
32 state board for charter schools may approve the application if the
33 application meets the requirements of this article and may approve the
34 charter if the proposed sponsor determines, within its sole discretion,
35 that the applicant is sufficiently qualified to operate a charter school
36 and that the applicant is applying to operate as a separate charter holder
37 by considering factors such as whether:

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

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

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

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

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

3 (f) It is reconstituting an existing grade configuration from a
4 prior charter holder with at least one grade remaining on the original
5 site with the other grade or grades moving to a new site. The state board
6 of education or the state board for charter schools may approve any
7 charter schools transferring charters. If the state board of education or
8 the state board for charter schools rejects the preliminary application,
9 the state board of education or the state board for charter schools shall
10 notify the applicant in writing of the reasons for the rejection and of
11 suggestions for improving the application. An applicant may submit a
12 revised application for reconsideration by the state board of education or
13 the state board for charter schools. The applicant may request, and the
14 state board of education or the state board for charter schools may
15 provide, technical assistance to improve the application.

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

27 4. Each applicant seeking to establish a charter school shall
28 submit a full set of fingerprints to the approving agency for the purpose
29 of obtaining a state and federal criminal records check pursuant to
30 section 41-1750 and Public Law 92-544. If an applicant will have direct
31 contact with students, the applicant shall possess a valid fingerprint
32 clearance card that is issued pursuant to title 41, chapter 12, article
33 3.1. The department of public safety may exchange this fingerprint data
34 with the federal bureau of investigation. The criminal records check
35 shall be completed before the issuance of a charter.

36 5. All persons engaged in instructional work directly as a
37 classroom, laboratory or other teacher or indirectly as a supervisory
38 teacher, speech therapist or principal shall have a valid fingerprint
39 clearance card that is issued pursuant to title 41, chapter 12, article
40 3.1, unless the person is a volunteer or guest speaker who is accompanied
41 in the classroom by a person with a valid fingerprint clearance card. A
42 charter school shall not employ a teacher whose certificate has been
43 surrendered or revoked, unless the teacher's certificate has been
44 subsequently reinstated by the state board of education. All other
45 personnel shall be fingerprint checked pursuant to section 15-512, or the

1 charter school may require those personnel to obtain a fingerprint
 2 clearance card issued pursuant to title 41, chapter 12, article 3.1.
 3 Before employment, the charter school shall make documented, good faith
 4 efforts to contact previous employers of a person to obtain information
 5 and recommendations that may be relevant to a person's fitness for
 6 employment as prescribed in section 15-512, subsection F. The charter
 7 school shall notify the department of public safety if the charter school
 8 or sponsor receives credible evidence that a person who possesses a valid
 9 fingerprint clearance card is arrested for or is charged with an offense
 10 listed in section 41-1758.03, subsection B. A person who is employed at a
 11 charter school that has met the requirements of this paragraph is not
 12 required to meet any additional requirements that are established by the
 13 department of education or that may be established by rule by the state
 14 board of education. The state board of education may not adopt rules that
 15 exceed the requirements for persons qualified to teach in charter schools
 16 prescribed in title I of the every student succeeds act (P.L. 114-95) or
 17 the individuals with disabilities education improvement act of 2004
 18 (P.L. 108-446). Charter schools may hire personnel who have not yet
 19 received a fingerprint clearance card if proof is provided of the
 20 submission of an application to the department of public safety for a
 21 fingerprint clearance card and if the charter school that is seeking to
 22 hire the applicant does all of the following:

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

25 (b) Ensures that the department of public safety completes a
 26 statewide criminal records check on the applicant. A statewide criminal
 27 records check shall be completed by the department of public safety every
 28 one hundred twenty days until the date that the fingerprint check is
 29 completed or the fingerprint clearance card is issued or denied.

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

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

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

38 (f) Verifies the fingerprint status of the applicant with the
 39 department of public safety.

40 6. A charter school that complies with the fingerprinting
 41 requirements of this section shall be deemed to have complied with section
 42 15-512 and is entitled to the same rights and protections provided to
 43 school districts by section 15-512.

44 7. If a charter school operator is not already subject to a public
 45 meeting or hearing by the municipality in which the charter school is

1 located, the operator of a charter school shall conduct a public meeting
2 at least thirty days before the charter school operator opens a site or
3 sites for the charter school. The charter school operator shall post
4 notices of the public meeting in at least three different locations that
5 are within three hundred feet of the proposed charter school site.

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

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

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

21 (b) Notify the person's employer or potential employer of the
22 conviction.

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

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

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

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

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

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

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

44 4. Ensure that it designs a method to measure pupil progress toward
45 the pupil outcomes adopted by the state board of education pursuant to

1 section 15-741.01, including participation in the statewide assessment and
2 the nationally standardized norm-referenced achievement test as designated
3 by the state board and the completion and distribution of an annual report
4 card as prescribed in chapter 7, article 3 of this title.

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

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

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

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

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

38 F. A charter school shall keep in the personnel file of all current
39 employees who provide instruction to pupils at the charter school
40 information about the employee's educational and teaching background and
41 experience in a particular academic content subject area. A charter
42 school shall inform parents and guardians of the availability of the
43 information and shall make the information available for inspection on
44 request of parents and guardians of pupils enrolled at the charter school.
45 This subsection does not require any charter school to release personally

1 identifiable information in relation to any teacher or employee, including
2 the teacher's or employee's address, salary, social security number or
3 telephone number.

4 G. The charter of a charter school may be amended at the request of
5 the governing body of the charter school and on the approval of the
6 sponsor.

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

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

10 1. At least eighteen months before the expiration of the charter,
11 the sponsor shall notify the charter school that the charter school may
12 apply for renewal and shall make the renewal application available to the
13 charter school. A charter school that elects to apply for renewal shall
14 file a complete renewal application at least fifteen months before the
15 expiration of the charter. A sponsor shall give written notice of its
16 intent not to renew the charter school's request for renewal to the
17 charter school at least twelve months before the expiration of the
18 charter. The sponsor shall make data used in making renewal decisions
19 available to the school and the public and shall provide a public report
20 summarizing the evidence basis for each decision. The sponsor may deny
21 the request for renewal if, in its judgment, the charter holder has failed
22 to do any of the following:

23 (a) Meet or make sufficient progress toward the academic
24 performance 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) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE
28 PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

29 ~~(c)~~ (d) Complete the obligations of the contract.

30 ~~(d)~~ (e) Comply with this article or any provision of law from
31 which the charter school is not exempt.

32 2. A charter operator may apply for early renewal. At least nine
33 months before the charter school's intended renewal consideration, the
34 operator of the charter school shall submit a letter of intent to the
35 sponsor to apply for early renewal. The sponsor shall review fiscal
36 audits and academic performance data for the charter school that are
37 annually collected by the sponsor, review the current contract between the
38 sponsor and the charter school and provide the qualifying charter school
39 with a renewal application. On submission of a complete application, the
40 sponsor shall give written notice of its consideration of the renewal
41 application. The sponsor may deny the request for early renewal if, in
42 the sponsor's judgment, the charter holder has failed to do any of the
43 following:

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

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

3 (c) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE
4 PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

5 ~~(c)~~ (d) Complete the obligations of the contract.

6 ~~(d)~~ (e) Comply with this article or any provision of law from
7 which the charter school is not exempt.

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

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

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

17 (c) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE
18 PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

19 ~~(c)~~ (d) Comply with this article or any provision of law from
20 which the charter school is not exempt.

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

25 5. At least sixty days before the effective date of the proposed
26 revocation, the sponsor shall give written notice to the operator of the
27 charter school of its intent to revoke the charter. Notice of the
28 sponsor's intent to revoke the charter shall be delivered personally to
29 the operator of the charter school or sent by certified mail, return
30 receipt requested, to the address of the charter school. The notice shall
31 incorporate a statement of reasons for the proposed revocation of the
32 charter. The sponsor shall allow the charter school at least sixty days
33 to correct the problems associated with the reasons for the proposed
34 revocation of the charter. The final determination of whether to revoke
35 the charter shall be made at a public hearing called for such purpose.

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

38 K. A charter school that is sponsored by the state board of
39 education, the state board for charter schools, a university, a community
40 college district or a group of community college districts may not be
41 located on the property of a school district unless the district governing
42 board grants this authority.

43 L. A governing board or a school district employee who has control
44 over personnel actions shall not take unlawful reprisal against another
45 employee of the school district because the employee is directly or

1 indirectly involved in an application to establish a charter school. A
2 governing board or a school district employee shall not take unlawful
3 reprisal against an educational program of the school or the school
4 district because an application to establish a charter school proposes the
5 conversion of all or a portion of the educational program to a charter
6 school. For the purposes of this subsection, "unlawful reprisal" means an
7 action that is taken by a governing board or a school district employee as
8 a direct result of a lawful application to establish a charter school and
9 that is adverse to another employee or an education program and:

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

- 12 (a) Disciplinary or corrective action.
- 13 (b) Detail, transfer or reassignment.
- 14 (c) Suspension, demotion or dismissal.
- 15 (d) An unfavorable performance evaluation.
- 16 (e) A reduction in pay, benefits or awards.
- 17 (f) Elimination of the employee's position without a reduction in
18 force by reason of lack of monies or work.
- 19 (g) Other significant changes in duties or responsibilities that
20 are inconsistent with the employee's salary or employment classification.

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

- 23 (a) Suspension or termination of the program.
- 24 (b) Transfer or reassignment of the program to a less favorable
25 department.
- 26 (c) Relocation of the program to a less favorable site within the
27 school or school district.
- 28 (d) Significant reduction or termination of funding for the
29 program.

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

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

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

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

4 Q. The sponsor of a charter school shall establish procedures to
5 conduct administrative hearings on determination by the sponsor that
6 grounds exist to revoke a charter. Procedures for administrative hearings
7 shall be similar to procedures prescribed for adjudicative proceedings in
8 title 41, chapter 6, article 10. Except as provided in section
9 41-1092.08, subsection H, final decisions of the state board of education
10 and the state board for charter schools from hearings conducted pursuant
11 to this subsection are subject to judicial review pursuant to title 12,
12 chapter 7, article 6.

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

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

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

26 3. THE FINANCIAL EXPECTATIONS OF THE CHARTER SCHOOL.

27 ~~3.~~ 4. Intervention and improvement policies.

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

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

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

43 V. A transfer of a charter to another sponsor, a transfer of a
44 charter school site to another sponsor or a transfer of a charter school
45 site to a different charter shall be completed before the beginning of the

1 fiscal year that the transfer is scheduled to become effective. An entity
 2 that sponsors charter schools may accept a transferring school after the
 3 beginning of the fiscal year if the transfer is approved by the
 4 superintendent of public instruction. The superintendent of public
 5 instruction shall have the discretion to consider each transfer during the
 6 fiscal year on a case-by-case basis. A charter holder seeking to transfer
 7 sponsors shall comply with the current charter terms regarding assignment
 8 of the charter. A charter holder transferring sponsors shall notify the
 9 current sponsor that the transfer has been approved by the new sponsor.

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

15 X. Notwithstanding subsection Y of this section, the state board
 16 for charter schools shall charge a processing fee to any charter school
 17 that amends its contract to participate in Arizona online instruction
 18 pursuant to section 15-808. The charter Arizona online instruction
 19 processing fund is established consisting of fees collected and
 20 administered by the state board for charter schools. The state board for
 21 charter schools shall use monies in the fund only for the processing of
 22 contract amendments for charter schools participating in Arizona online
 23 instruction. Monies in the fund are continuously appropriated.

24 Y. The sponsoring entity may not charge any fees to a charter
 25 school that it sponsors unless the sponsor has provided services to the
 26 charter school and the fees represent the full value of those services
 27 provided by the sponsor. On request, the value of the services provided
 28 by the sponsor to the charter school shall be demonstrated to the
 29 department of education.

30 Z. Charter schools may enter into an intergovernmental agreement
 31 with a presiding judge of the juvenile court to implement a law-related
 32 education program as defined in section 15-154. The presiding judge of
 33 the juvenile court may assign juvenile probation officers to participate
 34 in a law-related education program in any charter school in the
 35 county. The cost of juvenile probation officers who participate in the
 36 program implemented pursuant to this subsection shall be funded by the
 37 charter school.

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

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

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

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

9 EE. Pursuant to the prescribed graduation requirements adopted by
10 the state board of education, the governing body of a charter school
11 operating a high school may approve a rigorous computer science course
12 that would fulfill a mathematics course required for graduation from high
13 school. The governing body may approve a rigorous computer science course
14 only if the rigorous computer science course includes significant
15 mathematics content and the governing body determines the high school
16 where the rigorous computer science course is offered has sufficient
17 capacity, infrastructure and qualified staff, including competent teachers
18 of computer science.

19 FF. A charter school may permit the use of school property,
20 including school buildings, grounds, buses and equipment, by any person,
21 group or organization for any lawful purpose, including a recreational,
22 educational, political, economic, artistic, moral, scientific, social,
23 religious or other civic or governmental purpose. The charter school may
24 charge a reasonable fee for the use of the school property.

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

31 HH. Sponsors authorized pursuant to this section shall submit an
32 annual report to the auditor general on or before October 1. The report
33 shall include:

34 1. The current number of charters authorized and the number of
35 schools operated by authorized charter holders.

36 2. The academic, ~~and~~ operational AND FINANCIAL performance of the
37 sponsor's charter portfolio as measured by the sponsor's adopted
38 performance framework.

39 3. For the prior year, the number of new charters approved, the
40 number of charter schools closed and the reason for the closure.

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

44 II. The auditor general shall prescribe the format for the annual
45 report required by subsection HH of this section and may require that the

1 annual report be submitted electronically. The auditor general shall
2 review the submitted annual reports to ensure that the reports include the
3 required items in subsection HH of this section and shall make the annual
4 reports available on request. If the auditor general finds significant
5 noncompliance or if a sponsor fails to submit the annual report required
6 by subsection HH of this section, on or before December 31 of each year
7 the auditor general shall report to the governor, the president of the
8 senate, the speaker of the house of representatives and the chairs of the
9 senate and house education committees or their successor committees, and
10 the legislature shall consider revoking the sponsor's authority to sponsor
11 charter schools.

12 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to
13 read:

14 15-185. Charter schools; financing; civil penalty;
15 transportation; definition

16 A. A school district is not financially responsible for any charter
17 school that is sponsored by the state board of education, the state board
18 for charter schools, a university under the jurisdiction of the Arizona
19 board of regents, a community college district or a group of community
20 college districts.

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

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

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

28 (b) The small school weights prescribed in section 15-943,
29 paragraph 1 apply if a charter holder, as defined in section 15-101, holds
30 one charter for one or more school sites and the average daily membership
31 for the school sites are combined for the calculation of the small school
32 weight. The small school weight shall not be applied individually to a
33 charter holder if one or more of the following conditions exist and the
34 combined average daily membership derived from the following conditions is
35 greater than six hundred:

36 (i) The organizational structure or management agreement of the
37 charter holder requires the charter holder or charter school to contract
38 with a specific management company.

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

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

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

44 (c) Notwithstanding subdivision (b) of this paragraph, for fiscal
45 years 2015-2016 and 2016-2017 the department of education shall reduce by

1 thirty-three percent the amount provided by the small school weight for
 2 charter schools prescribed in subdivision (b) of this paragraph.

3 2. Notwithstanding paragraph 1 of this subsection, the student
 4 count shall be determined initially using an estimated student count based
 5 on actual registration of pupils before the beginning of the school year.
 6 Notwithstanding section 15-1042, subsection F, student level data
 7 submitted to the department may be used to determine estimated student
 8 counts. After the first forty days, one hundred days or two hundred days
 9 in session, as applicable, the charter school shall revise the student
 10 count to be equal to the actual average daily membership, as defined in
 11 section 15-901, of the charter school. Before the fortieth day, one
 12 hundredth day or two hundredth day in session, as applicable, the state
 13 board of education, the state board for charter schools, the sponsoring
 14 university, the sponsoring community college district or the sponsoring
 15 group of community college districts may require a charter school to
 16 report periodically regarding pupil enrollment and attendance, and the
 17 department of education may revise its computation of equalization
 18 assistance based on the report. A charter school shall revise its student
 19 count, base support level and charter additional assistance before May 15.
 20 A charter school that overestimated its student count shall revise its
 21 budget before May 15. A charter school that underestimated its student
 22 count may revise its budget before May 15.

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

26 4. Equalization assistance for the charter school shall be
 27 determined by adding the amount of the base support level and charter
 28 additional assistance. The amount of the charter additional assistance is
 29 one thousand ~~seven~~ EIGHT hundred ~~seventy-five~~ SEVEN dollars ~~five cents~~ per
 30 student count in preschool programs for children with disabilities,
 31 kindergarten programs and grades one through eight and two thousand
 32 ~~sixty-eight~~ ONE HUNDRED SIX dollars ~~seventy-nine~~ THREE cents per student
 33 count in grades nine through twelve.

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

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

43 7. Not later than noon on the day preceding each apportionment date
 44 established by paragraph 5 of this subsection, the superintendent of
 45 public instruction shall furnish to the state treasurer an abstract of the

1 apportionment and shall certify the apportionment to the department of
 2 administration, which shall draw its warrant in favor of the charter
 3 schools for the amount apportioned.

4 C. If a pupil is enrolled in both a charter school and a public
 5 school that is not a charter school, the sum of the daily membership,
 6 which includes enrollment as prescribed in section 15-901, subsection A,
 7 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed
 8 in section 15-901, subsection A, paragraph 5, for that pupil in the school
 9 district and the charter school shall not exceed 1.0. If a pupil is
 10 enrolled in both a charter school and a public school that is not a
 11 charter school, the department of education shall direct the average daily
 12 membership to the school with the most recent enrollment date. On
 13 validation of actual enrollment in both a charter school and a public
 14 school that is not a charter school and if the sum of the daily membership
 15 or daily attendance for that pupil is greater than 1.0, the sum shall be
 16 reduced to 1.0 and shall be apportioned between the public school and the
 17 charter school based on the percentage of total time that the pupil is
 18 enrolled or in attendance in the public school and the charter school.
 19 The uniform system of financial records shall include guidelines for the
 20 apportionment of the pupil enrollment and attendance as provided in this
 21 section.

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

- 35 1. Equalization assistance shall not be less than zero.
- 36 2. For a charter school sponsored by the state board of education,
 37 the state board for charter schools, a university, a community college
 38 district or a group of community college districts, the total of the base
 39 support level and the charter additional assistance shall not be less than
 40 zero.

41 E. If a charter school was a district public school in the prior
 42 year and sponsored by the state board of education, the state board for
 43 charter schools, a university, a community college district or a group of
 44 community college districts, the reduction in subsection D of this section
 45 applies. The reduction to the base support level of the charter school

1 shall equal the sum of the base support level and the charter additional
 2 assistance received in the current year for those pupils who were enrolled
 3 in the traditional public school in the prior year and are now enrolled in
 4 the charter school in the current year.

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

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

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

32 I. In addition to the withholding of state aid payments pursuant to
 33 subsection H of this section, the sponsor of a charter school may impose a
 34 civil penalty of one thousand dollars per occurrence if a charter school
 35 fails to comply with the fingerprinting requirements prescribed in section
 36 15-183, subsection C or section 15-512. The sponsor of a charter school
 37 shall not impose a civil penalty if it is the first time that a charter
 38 school is out of compliance with the fingerprinting requirements and if
 39 the charter school provides proof within forty-eight hours of written
 40 notification that an application for the appropriate fingerprint check has
 41 been received by the department of public safety. The sponsor of the
 42 charter school shall obtain proof that the charter school has been
 43 notified, and the notification shall identify the date of the deadline and
 44 shall be signed by both parties. The sponsor of a charter school shall
 45 automatically impose a civil penalty of one thousand dollars per

1 occurrence if the sponsor determines that the charter school subsequently
2 violates the fingerprinting requirements. Civil penalties pursuant to
3 this subsection shall be assessed by requesting the department of
4 education to reduce the amount of state aid that the charter school would
5 otherwise receive by an amount equal to the civil penalty. The amount of
6 state aid withheld shall revert to the state general fund at the end of
7 the fiscal year.

8 J. A charter school may receive and spend monies distributed by the
9 department of education pursuant to section 42-5029, subsection E, section
10 42-5029.02, subsection A and section 37-521, subsection B.

11 K. If a school district transports or contracts to transport pupils
12 to the Arizona state schools for the deaf and the blind during any fiscal
13 year, the school district may transport or contract with a charter school
14 to transport sensory impaired pupils during that same fiscal year to a
15 charter school if requested by the parent of the pupil and if the distance
16 from the pupil's place of actual residence within the school district to
17 the charter school is less than the distance from the pupil's place of
18 actual residence within the school district to the campus of the Arizona
19 state schools for the deaf and the blind.

20 L. Notwithstanding any other law, a university under the
21 jurisdiction of the Arizona board of regents, a community college district
22 or a group of community college districts shall not include any student in
23 the student count of the university, community college district or group
24 of community college districts for state funding purposes if that student
25 is enrolled in and attending a charter school sponsored by the university,
26 community college district or group of community college districts.

27 M. The governing body of a charter school shall transmit a copy of
28 its proposed budget or the summary of the proposed budget and a notice of
29 the public hearing to the department of education for posting on the
30 department of education's website no later than ten days before the
31 hearing and meeting. If the charter school maintains a website, the
32 charter school governing body shall post on its website a copy of its
33 proposed budget or the summary of the proposed budget and a notice of the
34 public hearing.

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

39 O. If permitted by federal law, a charter school may opt out of
40 federal grant opportunities if the charter holder or the appropriate
41 governing body of the charter school determines that the federal
42 requirements impose unduly burdensome reporting requirements.

43 P. For the purposes of this section, "monies intended for the basic
44 maintenance and operations of the school" means monies intended to provide
45 support for the educational program of the school, except that it does not

1 include supplemental assistance for a specific purpose or title VIII of
2 the elementary and secondary education act of 1965 monies. The auditor
3 general shall determine which federal or state monies meet this
4 definition.

5 Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes,
6 is amended by adding section 15-189.05, to read:

7 15-189.05. Charter school budgets; posting of teacher salary
8 information; annual report

9 A. THE PORTION OF THE BUDGET FOR EACH CHARTER SCHOOL THAT CONTAINS
10 THE FOLLOWING INFORMATION SHALL BE POSTED ON THE WEBSITE OF THE CHARTER
11 SCHOOL AND SHALL PROMINENTLY DISPLAY THE FOLLOWING:

12 1. THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER
13 SCHOOL FOR THE CURRENT YEAR.

14 2. THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER
15 SCHOOL FOR THE PREVIOUS YEAR.

16 3. THE DOLLAR INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS
17 EMPLOYED BY THE CHARTER SCHOOL FOR THE CURRENT YEAR.

18 4. THE PERCENTAGE INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS
19 EMPLOYED BY THE CHARTER SCHOOL FOR THE CURRENT YEAR.

20 B. A CHARTER SCHOOL SHALL ALSO PROMINENTLY POST THE INFORMATION
21 REQUIRED BY SUBSECTION A OF THIS SECTION ON ITS WEBSITE HOME PAGE
22 SEPARATELY FROM ITS BUDGET.

23 C. ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF
24 EDUCATION SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET
25 COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A
26 REPORT THAT COMPILES THE INFORMATION REQUIRED BY SUBSECTION A OF THIS
27 SECTION FOR ALL CHARTER SCHOOLS STATEWIDE.

28 Sec. 4. Section 15-213, Arizona Revised Statutes, is amended to
29 read:

30 15-213. Procurement practices of school districts and charter
31 schools; violations; classification; definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

15 4. THE STATE BOARD SHALL ADOPT RULES FOR THE PROCUREMENT BY SCHOOL
16 DISTRICTS AND CHARTER SCHOOLS OF ANY MATERIALS, SERVICES, GOODS,
17 CONSTRUCTION OR CONSTRUCTION SERVICES THAT ENSURE MAXIMUM PRACTICABLE
18 COMPETITION AS PRESCRIBED IN SECTION 41-2565 AND REQUIRE CONTRACTS TO BE
19 AWARDED BASED ON THE LOWEST QUALIFIED BIDDER AND SHALL REQUIRE THAT A
20 PERSON:

21 (a) THAT CONTRACTS FOR OR PURCHASES ANY MATERIALS, SERVICES, GOODS,
22 CONSTRUCTION OR CONSTRUCTION SERVICES IN A MANNER CONTRARY TO THE RULES
23 ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION IS PERSONALLY LIABLE
24 FOR THE RECOVERY OF ALL PUBLIC MONIES PAID PLUS TWENTY PERCENT OF THAT
25 AMOUNT AND LEGAL INTEREST FROM THE DATE OF PAYMENT AND ALL COSTS AND
26 DAMAGES ARISING OUT OF THE VIOLATION AS PRESCRIBED IN SECTION 41-2616.

27 (b) THAT INTENTIONALLY OR KNOWINGLY CONTRACTS FOR OR PURCHASES ANY
28 MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION SERVICES PURSUANT
29 TO A SCHEME OR ARTIFICE TO AVOID THE RULES ADOPTED BY THE STATE BOARD
30 PURSUANT TO THIS SECTION IS GUILTY OF A CLASS 4 FELONY AS PRESCRIBED IN
31 SECTION 41-2616.

32 (c) THAT PREPARES PROCUREMENT SPECIFICATIONS MAY NOT RECEIVE ANY
33 DIRECT OR INDIRECT BENEFIT FROM USING THOSE SPECIFICATIONS.

34 (d) THAT SERVES ON A SELECTION COMMITTEE FOR A PROCUREMENT MAY NOT
35 BE A CONTRACTOR OR SUBCONTRACTOR UNDER A CONTRACT AWARDED UNDER THE
36 PROCUREMENT OR PROVIDE ANY SPECIFIED PROFESSIONAL SERVICES, CONSTRUCTION,
37 CONSTRUCTION SERVICES, MATERIALS OR OTHER SERVICES UNDER THE CONTRACT. A
38 PERSON THAT SERVES ON A SELECTION COMMITTEE FOR A PROCUREMENT AND THAT
39 FAILS TO DISCLOSE CONTACT WITH A REPRESENTATIVE OF A COMPETING VENDOR OR
40 FAILS TO PROVIDE REQUIRED ACCURATE INFORMATION IS SUBJECT TO A CIVIL
41 PENALTY AS PRESCRIBED IN SECTION 41-2616.

42 5. THE STATE BOARD SHALL ADOPT RULES REQUIRING SCHOOL DISTRICTS AND
43 NONEXEMPT CHARTER SCHOOLS TO OBTAIN AND MAINTAIN A RECORD OF PROOF THAT A
44 CONSTRUCTION OR CONSTRUCTION SERVICES PROVIDER THAT HAS BEEN AWARDED A

1 CONTRACT WITH THE SCHOOL DISTRICT OR CHARTER SCHOOL, OR SCHOOL PURCHASING
2 COOPERATIVE, HAS A VALID LICENSE TO PRACTICE IN THIS STATE.

3 ~~4.~~ 6. The auditor general shall review the proposed rules to
4 determine whether the rules are consistent with the procurement practices
5 prescribed in title 41, chapter 23 and any modifications are required to
6 adapt the procedures for school districts.

7 ~~5.~~ 7. If the auditor general approves the proposed rules, the
8 auditor general shall notify the state board in writing and the state
9 board shall adopt such rules.

10 ~~6.~~ 8. If the auditor general objects to the proposed rules, the
11 auditor general shall notify the state board of the objections in writing
12 and the state board, in adopting the rules, shall conform the proposed
13 rules to meet the objections of the auditor general or revise the proposed
14 rules to which an objection has been made and submit the revisions to the
15 auditor general for approval.

16 B. After the bids submitted in response to an invitation for bids
17 are opened and the award is made or after the proposals or qualifications
18 are submitted in response to a request for proposals or a request for
19 qualifications and the award is made, the governing board shall make
20 available for public inspection all information, all bids, proposals and
21 qualifications submitted and all findings and other information considered
22 in determining whose bid conforms to the invitation for bids and will be
23 the most advantageous with respect to price, conformity to the
24 specifications and other factors or whose proposal or qualifications are
25 to be selected for the award, INCLUDING THE RATIONALE FOR AWARDED A
26 CONTRACT FOR ANY SPECIFIED PROFESSIONAL SERVICES, CONSTRUCTION,
27 CONSTRUCTION SERVICES OR MATERIALS TO AN ENTITY SELECTED FROM A QUALIFIED
28 SELECT BIDDERS LIST OR THROUGH A SCHOOL PURCHASING COOPERATIVE. The
29 invitation for bids, request for proposals or request for qualifications
30 shall include a notice that all information and bids, proposals and
31 qualifications submitted will be made available for public inspection.
32 The rules adopted by the state board shall prohibit the use in connection
33 with procurement of specifications in any way proprietary to one supplier
34 unless the specification includes all of the following:

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

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

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

41 C. ~~NO~~ A project or purchase may NOT be divided or sequenced into
42 separate projects or purchases in order to avoid the limits prescribed by
43 the state board under subsection A of this section.

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

10 E. The auditor general may conduct discretionary reviews,
11 investigations and audits of the financial and operational procurement
12 activities of school districts, nonexempt charter schools and school
13 purchasing cooperatives. The auditor general has final review and
14 approval authority over all school district, nonexempt charter school and
15 school purchasing cooperative audit contracts and any audit reports issued
16 in accordance with this section. IF THE ATTORNEY GENERAL HAS REASONABLE
17 CAUSE TO BELIEVE AN EMPLOYEE OF A SCHOOL DISTRICT, NONEXEMPT CHARTER
18 SCHOOL OR SCHOOL PURCHASING COOPERATIVE, OR AN EMPLOYEE OF AN ENTITY THAT
19 HAS BEEN AWARDED A CONTRACT BY A SCHOOL DISTRICT, NONEXEMPT CHARTER SCHOOL
20 OR SCHOOL PURCHASING COOPERATIVE, HAS ENGAGED IN, IS ENGAGING IN OR IS
21 ABOUT TO ENGAGE IN ANY PRACTICE OR TRANSACTION THAT VIOLATES THE RULES
22 ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO THIS SECTION, THE
23 ATTORNEY GENERAL MAY:

24 1. REQUIRE THAT PERSON TO FILE ON FORMS PRESCRIBED BY THE ATTORNEY
25 GENERAL A STATEMENT OR REPORT IN WRITING AND UNDER OATH AS TO ALL THE
26 FACTS AND CIRCUMSTANCES CONCERNING A VIOLATION OF THE RULES ADOPTED BY THE
27 STATE BOARD PURSUANT TO THIS SECTION BY THAT PERSON AND ANY OTHER DATA AND
28 INFORMATION DEEMED NECESSARY BY THE ATTORNEY GENERAL.

29 2. EXAMINE UNDER OATH ANY PERSON IN CONNECTION WITH A VIOLATION OF
30 THE RULES ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION.

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

1 G. A SCHOOL DISTRICT OR CHARTER SCHOOL EMPLOYEE WHO HAS CONTROL
2 OVER PERSONNEL ACTIONS MAY NOT TAKE REPRISAL AGAINST A SCHOOL DISTRICT OR
3 CHARTER SCHOOL EMPLOYEE FOR THAT EMPLOYEE'S DISCLOSURE OF INFORMATION THAT
4 IS A MATTER OF PUBLIC CONCERN, INCLUDING A VIOLATION OF THIS SECTION, TO A
5 PUBLIC BODY PURSUANT TO TITLE 38, CHAPTER 3, ARTICLE 9.

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

13 ~~H.~~ I. The department of education shall enact policies and
14 procedures for the acceptance and disposition of complaints from the
15 public regarding school procurement practices and shall forward all school
16 procurement complaints to the attorney general. Notwithstanding rules
17 adopted by the state board, school districts shall not be required to
18 prepare or submit an annual report on the benefits associated with the use
19 of construction-manager-at-risk, design-build, qualified select bidders
20 list and job-order-contracting methods.

21 ~~I.~~ J. The state board of education shall adopt, and the auditor
22 general shall review, rules authorizing school districts to procure
23 construction services by construction-manager-at-risk, design-build,
24 qualified select bidders list and job-order-contracting methods of project
25 delivery. The rules shall not require school districts to obtain bid
26 security for the construction-manager-at-risk method of project delivery.

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

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

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

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

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

1 ~~K.~~ L. Unless otherwise provided by law, multiterm contracts for
2 materials or services and contracts for job-order-contracting construction
3 services may be entered into if the duration of the contract and the
4 conditions of renewal or extension, if any, are included in the invitation
5 for bids or the request for proposals and if monies are available for the
6 first fiscal period at the time the contract is executed. The duration of
7 contracts for materials or services and contracts for
8 job-order-contracting construction services ~~shall be~~ ARE limited to no
9 more than five years unless the governing board determines in writing
10 before the procurement solicitation is issued that a contract of longer
11 duration would be advantageous to the school district. Payment and
12 performance obligations for succeeding fiscal periods are subject to the
13 availability and appropriation of monies.

14 ~~L.~~ M. Notwithstanding the rules adopted by the state board of
15 education, the maximum dollar amount of an individual job order for
16 job-order-contracting construction services ~~shall be~~ IS one million
17 dollars or a higher or lower amount prescribed by the governing board in a
18 policy adopted in a public meeting held pursuant to title 38, chapter 3,
19 article 3.1. Requirements shall not be artificially divided or fragmented
20 in order to constitute a job order that satisfies the requirements of this
21 subsection.

22 N. A PERSON WHO SUPERVISES OR PARTICIPATES IN CONTRACTS, PURCHASES,
23 PAYMENTS, CLAIMS OR OTHER FINANCIAL TRANSACTIONS, OR A PERSON WHO
24 SUPERVISES OR PARTICIPATES IN THE PLANNING, RECOMMENDING, SELECTING OR
25 CONTRACTING FOR MATERIALS, SERVICES, GOODS, CONSTRUCTION, OR CONSTRUCTION
26 SERVICES OF A SCHOOL DISTRICT, NONEXEMPT CHARTER SCHOOL OR SCHOOL
27 PURCHASING COOPERATIVE IS GUILTY OF A CLASS 6 FELONY IF THE PERSON
28 SOLICITS, ACCEPTS OR AGREES TO ACCEPT ANY PERSONAL GIFT OR BENEFIT WITH A
29 VALUE OF THREE HUNDRED DOLLARS OR MORE FROM A PERSON OR VENDOR THAT HAS
30 SECURED OR HAS TAKEN STEPS TO SECURE A CONTRACT, PURCHASE, PAYMENT, CLAIM
31 OR FINANCIAL TRANSACTION WITH THE SCHOOL DISTRICT, NONEXEMPT CHARTER
32 SCHOOL OR SCHOOL PURCHASING COOPERATIVE. SOLICITING, ACCEPTING OR
33 AGREEING TO ACCEPT ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF LESS THAN
34 THREE HUNDRED DOLLARS IS A CLASS 1 MISDEMEANOR. A GIFT OR BENEFIT DOES
35 NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, T-SHIRT, MUG
36 OR PEN.

37 O. ANY PERSON OR VENDOR THAT HAS SECURED OR HAS TAKEN STEPS TO
38 SECURE A CONTRACT, PURCHASE, PAYMENT, CLAIM OR FINANCIAL TRANSACTION WITH
39 A SCHOOL DISTRICT, NONEXEMPT CHARTER SCHOOL OR SCHOOL PURCHASING
40 COOPERATIVE THAT OFFERS, CONFERS OR AGREES TO CONFER ANY PERSONAL GIFT OR
41 BENEFIT WITH A VALUE OF THREE HUNDRED DOLLARS OR MORE ON A PERSON WHO
42 SUPERVISES OR PARTICIPATES IN CONTRACTS, PURCHASES, PAYMENTS, CLAIMS OR
43 OTHER FINANCIAL TRANSACTIONS, OR ON A PERSON WHO SUPERVISES OR
44 PARTICIPATES IN PLANNING, RECOMMENDING, SELECTING OR CONTRACTING FOR
45 MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION SERVICES OF A

1 SCHOOL DISTRICT, NONEXEMPT CHARTER SCHOOL OR SCHOOL PURCHASING
2 COOPERATIVE, IS GUILTY OF A CLASS 6 FELONY. OFFERING, CONFERRING OR
3 AGREEING TO CONFER ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF LESS THAN
4 THREE HUNDRED DOLLARS IS A CLASS 1 MISDEMEANOR. A GIFT OR BENEFIT DOES
5 NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, T-SHIRT, MUG
6 OR PEN.

7 P. ANY PERSON OR VENDOR CONVICTED UNDER SUBSECTION O OF THIS
8 SECTION MAY BE SUSPENDED FOR UP TO SIX MONTHS OR BARRED FOR UP TO THREE
9 YEARS BY THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION FROM DOING
10 BUSINESS WITH SCHOOL DISTRICTS, CHARTER SCHOOLS AND SCHOOL PURCHASING
11 COOPERATIVES. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL
12 ADOPT RULES, INCLUDING ADMINISTRATIVE PROCEDURES, TO SUSPEND OR BAR ANY
13 PERSON FROM CONSIDERATION FOR AWARD OF CONTRACTS PURSUANT TO THIS SECTION.

14 Q. A SCHOOL DISTRICT MAY NOT HIRE THE SAME AUDITOR OR AUDITING FIRM
15 FOR MORE THAN THREE CONSECUTIVE YEARS.

16 R. AN AUDITOR OR AUDITING FIRM HIRED BY A SCHOOL DISTRICT MAY NOT
17 ALSO RECEIVE CONSULTING FEES FROM THAT SCHOOL DISTRICT.

18 ~~M.~~ S. For the purposes of this section:

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

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

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

27 Sec. 5. Section 15-249.06, Arizona Revised Statutes, is amended to
28 read:

29 15-249.06. College credit by examination incentive program:
30 incentive bonuses; report; program termination

31 A. The college credit by examination incentive program is
32 established within the department of education to provide an incentive
33 bonus to teachers, school districts and charter schools for students who
34 obtain a passing score on a qualifying examination for college credit
35 while in high 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
38 college credit in mathematics, English language arts, SOCIAL STUDIES or
39 science from any university under the jurisdiction of the Arizona board of
40 regents and the passing scores required on those examinations in order to
41 receive college credit. On or before September 1 of each year, the
42 Arizona board of regents shall provide the list of qualifying examinations
43 and passing scores to the department of education and shall submit this
44 list to the joint legislative budget committee for review.

1 C. Beginning in fiscal year 2017-2018, the department of education
2 shall pay an incentive bonus to school districts and charter schools for
3 each student in grades nine through twelve who receives a passing score
4 during the previous fiscal year on a qualifying examination identified by
5 the Arizona board of regents pursuant to subsection B of this section. A
6 student who receives a passing score on a qualifying examination and who
7 is enrolled in a school where fifty percent or more of the students are
8 eligible for free or reduced price lunches shall generate for the school
9 district or charter school a bonus of four hundred fifty dollars per
10 passing score on a qualifying examination. A student who receives a
11 passing score on a qualifying examination and who is enrolled in a school
12 where less than fifty percent of the students are eligible for free or
13 reduced price lunches shall generate for the school district or charter
14 school a bonus of three hundred dollars per passing score on a qualifying
15 examination. If the statewide sum of per student bonuses awarded pursuant
16 to this subsection exceeds the amount of available monies appropriated for
17 incentive bonuses, the bonus monies shall be reduced proportionally to
18 cover all eligible bonus awards.

19 D. A school district or charter school that receives an incentive
20 bonus pursuant to this section shall distribute at least fifty percent of
21 the bonus monies to the associated classroom teacher for each student who
22 passes a qualifying examination. Bonus monies awarded to a teacher
23 pursuant to this subsection shall be in addition to any regular wage,
24 compensation or other bonus the teacher receives or is scheduled to
25 receive. The remainder of any bonus monies received by a school district
26 or charter school shall be used for teacher professional development or
27 student instructional support or materials. Any bonus monies received by
28 a school district or charter school pursuant to this subsection shall be
29 separately accounted for in the school district's or charter school's
30 annual financial report.

31 E. Incentive bonuses distributed to and any bonus monies received
32 by a school district or charter school pursuant to this section are not
33 subject to collective bargaining.

34 F. On or before December 15, 2018 and on or before December 15 of
35 each year thereafter, the department of education shall submit to the
36 president of the senate, the speaker of the house of representatives, the
37 governor and the secretary of state and to the joint legislative budget
38 committee for review a report on all of the following:

39 1. The number of students who took a qualifying examination at each
40 school.

41 2. The number of students who received a passing score on a
42 qualifying examination and the number of incentive bonus awards
43 distributed.

1 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE GOVERNOR ON THE AMOUNT OF
2 GRANT MONIES AWARDED FROM THE FUND, THE OUTCOMES ACHIEVED AND HOW THE
3 MONIES WERE SPENT. THE DEPARTMENT SHALL PROVIDE A COPY OF THIS REPORT TO
4 THE SECRETARY OF STATE.

5 15-249.13. Definition of "rural" for purpose of federal
6 funding eligibility

7 FOR THE PURPOSE OF FEDERAL FUNDING ELIGIBILITY DETERMINATIONS THAT
8 ARE MADE BY THE DEPARTMENT OF EDUCATION AND THAT INVOLVE THE GEOGRAPHIC
9 LOCATION OF A SCHOOL DISTRICT OR CHARTER SCHOOL, "RURAL" MEANS LOCATED
10 EITHER:

11 1. IN A COUNTY WITH A POPULATION THAT IS LESS THAN OR EQUAL TO TEN
12 PERCENT OF THE POPULATION OF THIS STATE.

13 2. IN A COUNTY WITH A POPULATION THAT EXCEEDS TEN PERCENT OF THE
14 POPULATION OF THIS STATE BUT THAT IS LOCATED MORE THAN TEN MILES FROM A
15 MUNICIPALITY WITH A POPULATION OF MORE THAN FIFTY THOUSAND PERSONS.

16 Sec. 7. Section 15-341, Arizona Revised Statutes, is amended to
17 read:

18 15-341. General powers and duties; immunity; delegation

19 A. The governing board shall:

20 1. Prescribe and enforce policies and procedures for the governance
21 of the schools, ~~THAT ARE~~ not inconsistent with law or rules prescribed by
22 the state board of education.

23 2. Exclude from schools all books, publications, papers or
24 audiovisual materials of a sectarian, partisan or denominational
25 character. This paragraph ~~shall~~ DOES not ~~be construed to~~ prohibit the
26 elective course permitted by section 15-717.01.

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

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

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

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

34 7. Construct school buildings on approval by a vote of the district
35 electors.

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

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

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

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

7 12. Hold pupils to strict account for disorderly conduct on school
8 property.

9 13. Discipline students for disorderly conduct on the way to and
10 from school.

11 14. Except as provided in section 15-1224, deposit all monies
12 received by the district as gifts, grants and devises with the county
13 treasurer who shall credit the deposits as designated in the uniform
14 system of financial records. If not inconsistent with the terms of the
15 gifts, grants and devises given, any balance remaining after expenditures
16 for the intended purpose of the monies have been made shall be used for
17 reduction of school district taxes for the budget year, except that in the
18 case of accommodation schools the county treasurer shall carry the balance
19 forward for use by the county school superintendent for accommodation
20 schools for the budget year.

21 15. Provide that, if a parent or legal guardian chooses not to
22 accept a decision of the teacher as provided in ~~section~~ paragraph 42 of
23 this subsection, the parent or legal guardian may request in writing that
24 the governing board review the teacher's decision. This paragraph ~~shall~~
25 **DOES** not ~~be construed to~~ release school districts from any liability
26 relating to a child's promotion or retention.

27 16. Provide for adequate supervision over pupils in instructional
28 and noninstructional activities by certificated or noncertificated
29 personnel.

30 17. Use school monies received from the state and county school
31 apportionment exclusively for payment of salaries of teachers and other
32 employees and contingent expenses of the district.

33 18. Make an annual report to the county school superintendent on or
34 before October 1 in the manner and form and on the blanks prescribed by
35 the superintendent of public instruction or county school superintendent.
36 The board shall also make reports directly to the county school
37 superintendent or the superintendent of public instruction whenever
38 required.

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

1 20. Establish bank accounts in which the board during a month may
2 deposit miscellaneous monies received directly by the district. The board
3 shall remit monies deposited in the bank accounts at least monthly to the
4 county treasurer for deposit as provided in paragraph 19 of this
5 subsection and in accordance with the uniform system of financial records.

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

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

33 23. Notwithstanding sections 13-3108 and 13-3120, prescribe and
34 enforce policies and procedures that prohibit a person from carrying or
35 possessing a weapon on school grounds unless the person is a peace officer
36 or has obtained specific authorization from the school administrator.

37 24. Prescribe and enforce policies and procedures relating to the
38 health and safety of all pupils participating in ~~district sponsored~~
39 **DISTRICT-SPONSORED** practice sessions or games or other interscholastic
40 athletic activities, including:

41 (a) The provision of water.

42 (b) Guidelines, information and forms, developed in consultation
43 with a statewide private entity that supervises interscholastic
44 activities, to inform and educate coaches, pupils and parents of the
45 dangers of concussions and head injuries and the risks of continued

1 participation in athletic activity after a concussion. The policies and
2 procedures shall require that, before a pupil participates in an athletic
3 activity, the pupil and the pupil's parent must sign an information form
4 at least once each school year that states that the parent is aware of the
5 nature and risk of concussion. The policies and procedures shall require
6 that a pupil who is suspected of sustaining a concussion in a practice
7 session, game or other interscholastic athletic activity be immediately
8 removed from the athletic activity. A coach from the pupil's team or an
9 official or a licensed health care provider may remove a pupil from
10 play. A team parent may also remove the parent's own child from play. A
11 pupil may return to play on the same day if a health care provider rules
12 out a suspected concussion at the time the pupil is removed from play. On
13 a subsequent day, the pupil may return to play if the pupil has been
14 evaluated by and received written clearance to resume participation in
15 athletic activity from a health care provider who has been trained in the
16 evaluation and management of concussions and head injuries. A health care
17 provider who is a volunteer and who provides clearance to participate in
18 athletic activity on the day of the suspected injury or on a subsequent
19 day is immune from civil liability with respect to all decisions made and
20 actions taken that are based on good faith implementation of the
21 requirements of this subdivision, except in cases of gross negligence or
22 wanton or wilful neglect. A school district, school district employee,
23 team coach, official or team volunteer or a parent or guardian of a team
24 member is not subject to civil liability for any act, omission or policy
25 undertaken in good faith to comply with the requirements of this
26 subdivision or for a decision made or an action taken by a health care
27 provider. A group or organization that uses property or facilities owned
28 or operated by a school district for athletic activities shall comply with
29 the requirements of this subdivision. A school district and its employees
30 and volunteers are not subject to civil liability for any other person or
31 organization's failure or alleged failure to comply with the requirements
32 of this subdivision. This subdivision does not apply to teams that are
33 based in another state and that participate in an athletic activity in
34 this state. For the purposes of this subdivision, athletic activity does
35 not include dance, rhythmic gymnastics, competitions or exhibitions of
36 academic skills or knowledge or other similar forms of physical noncontact
37 activities, civic activities or academic activities, whether engaged in
38 for the purposes of competition or recreation. For the purposes of this
39 subdivision, "health care provider" means a physician who is licensed
40 pursuant to title 32, chapter 13 or 17, an athletic trainer who is
41 licensed pursuant to title 32, chapter 41, a nurse practitioner who is
42 licensed pursuant to title 32, chapter 15, and a physician assistant who
43 is licensed pursuant to title 32, chapter 25.

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

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

4 27. Administer competency tests prescribed by the state board of
5 education for the graduation of pupils from high school.

6 28. Ensure that insurance coverage is secured for all construction
7 projects for purposes of general liability, property damage and workers'
8 compensation and secure performance and payment bonds for all construction
9 projects.

10 29. Keep in the personnel file of all current and former employees
11 who provide instruction to pupils at a school information about the
12 employee's educational and teaching background and experience in a
13 particular academic content subject area. A school district shall inform
14 parents and guardians of the availability of the information and shall
15 make the information available for inspection on request of parents and
16 guardians of pupils enrolled at a school. This paragraph ~~shall~~ DOES not
17 ~~be construed to~~ require any school to release personally identifiable
18 information in relation to any teacher or employee, including the
19 teacher's or employee's address, salary, social security number or
20 telephone number.

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

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

38 32. Provide written notice to the parents or guardians of all
39 students enrolled in the school district at least ten days ~~prior to~~ BEFORE
40 a public meeting to discuss closing a school within the school
41 district. The notice shall include the reasons for the proposed closure
42 and the time and place of the meeting. The governing board shall fix a
43 time for a public meeting on the proposed closure ~~no~~ NOT less than ten
44 days before voting in a public meeting to close the school. The school
45 district governing board shall give notice of the time and place of the

1 meeting. At the time and place designated in the notice, the school
 2 district governing board shall hear reasons for or against closing the
 3 school. The school district governing board is exempt from this paragraph
 4 if ~~it is determined by~~ the governing board DETERMINES that the school
 5 shall be closed because it poses a danger to the health or safety of the
 6 pupils or employees of the school. A governing board may consult with the
 7 school facilities board for technical assistance and for information on
 8 the impact of closing a school. The information provided from the school
 9 facilities board shall not require the governing board to take or not take
 10 any action.

11 33. Incorporate instruction on Native American history into
 12 appropriate existing curricula.

13 34. Prescribe and enforce policies and procedures:

14 (a) Allowing pupils who have been diagnosed with anaphylaxis by a
 15 health care provider licensed pursuant to title 32, chapter 13, 14, 17 or
 16 25 or by a registered nurse practitioner licensed and certified pursuant
 17 to title 32, chapter 15 to carry and self-administer emergency
 18 medications, including epinephrine auto-injectors, while at school and at
 19 school-sponsored activities. The pupil's name on the prescription label
 20 on the medication container or on the medication device and annual written
 21 documentation from the pupil's parent or guardian to the school that
 22 authorizes possession and self-administration is sufficient proof that the
 23 pupil is entitled to the possession and self-administration of the
 24 medication. The policies shall require a pupil who uses an epinephrine
 25 auto-injector while at school and at school-sponsored activities to notify
 26 the nurse or the designated school staff person of the use of the
 27 medication as soon as practicable. A school district and its employees
 28 are immune from civil liability with respect to all decisions made and
 29 actions taken that are based on good faith implementation of the
 30 requirements of this subdivision, except in cases of wanton or wilful
 31 neglect.

32 (b) For the emergency administration of epinephrine auto-injectors
 33 by a trained employee of a school district pursuant to section 15-157.

34 35. Allow the possession and self-administration of prescription
 35 medication for breathing disorders in handheld inhaler devices by pupils
 36 who have been prescribed that medication by a health care professional
 37 licensed pursuant to title 32. The pupil's name on the prescription label
 38 on the medication container or on the handheld inhaler device and annual
 39 written documentation from the pupil's parent or guardian to the school
 40 that authorizes possession and self-administration shall be sufficient
 41 proof that the pupil is entitled to the possession and self-administration
 42 of the medication. A school district and its employees are immune from
 43 civil liability with respect to all decisions made and actions taken that
 44 are based on a good faith implementation of the requirements of this
 45 paragraph.

1 36. Prescribe and enforce policies and procedures to prohibit
2 pupils from harassing, intimidating and bullying other pupils on school
3 grounds, on school property, on school buses, at school bus stops, at
4 school-sponsored events and activities and through the use of electronic
5 technology or electronic communication on school computers, networks,
6 forums and mailing lists that include the following components:

7 (a) A procedure for pupils, parents and school district employees
8 to confidentially report to school officials incidents of harassment,
9 intimidation or bullying. The school shall make available written forms
10 designed to provide a full and detailed description of the incident and
11 any other relevant information about the incident.

12 (b) A requirement that school district employees report in writing
13 suspected incidents of harassment, intimidation or bullying to the
14 appropriate school official and a description of appropriate disciplinary
15 procedures for employees who fail to report suspected incidents that are
16 known to the employee.

17 (c) A requirement that, at the beginning of each school year,
18 school officials provide all pupils with a written copy of the rights,
19 protections and support services available to a pupil who is an alleged
20 victim of an incident reported pursuant to this paragraph.

21 (d) If an incident is reported pursuant to this paragraph, a
22 requirement that school officials provide a pupil who is an alleged victim
23 of the incident with a written copy of the rights, protections and support
24 services available to that pupil.

25 (e) A formal process for the documentation of reported incidents of
26 harassment, intimidation or bullying and for the confidentiality,
27 maintenance and disposition of this documentation. School districts shall
28 maintain documentation of all incidents reported pursuant to this
29 paragraph for at least six years. The school shall not use that
30 documentation to impose disciplinary action unless the appropriate school
31 official has investigated and determined that the reported incidents of
32 harassment, intimidation or bullying occurred. If a school provides
33 documentation of reported incidents to persons other than school officials
34 or law enforcement, all individually identifiable information shall be
35 redacted.

36 (f) A formal process for the investigation by the appropriate
37 school officials of suspected incidents of harassment, intimidation or
38 bullying, including procedures for notifying the alleged victim on
39 completion and disposition of the investigation.

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

42 (h) A procedure that sets forth consequences for submitting false
43 reports of incidents of harassment, intimidation or bullying.

1 (i) Procedures designed to protect the health and safety of pupils
2 who are physically harmed as the result of incidents of harassment,
3 intimidation and bullying, including, if appropriate, procedures to
4 contact emergency medical services or law enforcement agencies, or both.

5 (j) Definitions of harassment, intimidation and bullying.

6 37. Prescribe and enforce policies and procedures regarding
7 changing or adopting attendance boundaries that include the following
8 components:

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

11 (b) A procedure to notify the parents or guardians of the students
12 affected.

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

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

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

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

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

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

34 39. Ensure that the contract for the superintendent is structured
35 in a manner in which up to twenty percent of the total annual salary
36 included for the superintendent in the contract is classified as
37 performance pay. This paragraph ~~shall~~ DOES not ~~be construed to~~ require
38 school districts to increase total compensation for superintendents.
39 Unless the school district governing board votes to implement an
40 alternative procedure at a public meeting called for this purpose, the
41 performance pay portion of the superintendent's total annual compensation
42 shall be determined as follows:

43 (a) Twenty-five percent of the performance pay shall be determined
44 based on the percentage of academic gain determined by the department of
45 education of pupils who are enrolled in the school district compared to

1 the academic gain achieved by the highest ranking of the fifty largest
 2 school districts in this state. For the purposes of this subdivision, the
 3 department of education shall determine academic gain by the academic
 4 growth achieved by each pupil who has been enrolled at the same school in
 5 a school district for at least five consecutive months measured against
 6 that pupil's academic results in the 2008-2009 school year. For the
 7 purposes of this subdivision, of the fifty largest school districts in
 8 this state, the school district with pupils who demonstrate the highest
 9 statewide percentage of overall academic gain measured against academic
 10 results for the 2008-2009 school year shall be assigned a score of 100 and
 11 the school district with pupils who demonstrate the lowest statewide
 12 percentage of overall academic gain measured against academic results for
 13 the 2008-2009 school year shall be assigned a score of 0.

14 (b) Twenty-five percent of the performance pay shall be determined
 15 by the percentage of parents of pupils who are enrolled at the school
 16 district who assign a letter grade of "A" to the school on a survey of
 17 parental satisfaction with the school district. The parental satisfaction
 18 survey shall be administered and scored by an independent entity that is
 19 selected by the governing board and that demonstrates sufficient expertise
 20 and experience to accurately measure the results of the survey. The
 21 parental satisfaction survey shall use standard random sampling procedures
 22 and provide anonymity and confidentiality to each parent who participates
 23 in the survey. The letter grade scale used on the parental satisfaction
 24 survey shall direct parents to assign one of the following letter grades:

- 25 (i) A letter grade of "A" if the school district is excellent.
- 26 (ii) A letter grade of "B" if the school district is above average.
- 27 (iii) A letter grade of "C" if the school district is average.
- 28 (iv) A letter grade of "D" if the school district is below average.
- 29 (v) A letter grade of "F" if the school district is a failure.

30 (c) Twenty-five percent of the performance pay shall be determined
 31 by the percentage of teachers who are employed at the school district and
 32 who assign a letter grade of "A" to the school on a survey of teacher
 33 satisfaction with the school. The teacher satisfaction survey shall be
 34 administered and scored by an independent entity that is selected by the
 35 governing board and that demonstrates sufficient expertise and experience
 36 to accurately measure the results of the survey. The teacher satisfaction
 37 survey shall use standard random sampling procedures and provide anonymity
 38 and confidentiality to each teacher who participates in the survey. The
 39 letter grade scale used on the teacher satisfaction survey shall direct
 40 teachers to assign one of the following letter grades:

- 41 (i) A letter grade of "A" if the school district is excellent.
- 42 (ii) A letter grade of "B" if the school district is above average.
- 43 (iii) A letter grade of "C" if the school district is average.
- 44 (iv) A letter grade of "D" if the school district is below average.
- 45 (v) A letter grade of "F" if the school district is a failure.

1 (d) Twenty-five percent of the performance pay shall be determined
2 by other criteria selected by the governing board.

3 40. Maintain and store permanent public records of the school
4 district as required by law. Notwithstanding section 39-101, the
5 standards adopted by the Arizona state library, archives and public
6 records for the maintenance and storage of school district public records
7 shall allow school districts to elect to satisfy the requirements of this
8 paragraph by maintaining and storing these records either on paper or in
9 an electronic format, or a combination of a paper and electronic format.

10 41. Adopt in a public meeting and implement ~~by school year~~
11 ~~2013-2014~~ policies for principal evaluations. Before the adoption of
12 principal evaluation policies, the school district governing board shall
13 provide opportunities for public discussion on the proposed policies. The
14 policies shall describe:

15 (a) The principal evaluation instrument, including the four
16 performance classifications adopted by the governing board pursuant to
17 section 15-203, subsection A, paragraph 38.

18 (b) Alignment of professional development opportunities to the
19 principal evaluations.

20 (c) Incentives for principals in one of the two highest performance
21 classifications pursuant to section 15-203, subsection A, paragraph 38,
22 which may include:

23 (i) Multiyear contracts pursuant to section 15-503.

24 (ii) Incentives to work at schools that are assigned a letter grade
25 of D or F pursuant to section 15-241.

26 (d) Transfer and contract processes for principals designated in
27 the lowest performance classification pursuant to section 15-203,
28 subsection A, paragraph 38.

29 42. Prescribe and enforce policies and procedures that define the
30 duties of principals and teachers. These policies and procedures shall
31 authorize teachers to take and maintain daily classroom attendance, make
32 the decision to promote or retain a pupil in a grade in common school or
33 to pass or fail a pupil in a course in high school, subject to review by
34 the governing board in the manner provided in section 15-342,
35 paragraph 11.

36 43. Prescribe and enforce policies and procedures for the emergency
37 administration by an employee of a school district pursuant to section
38 36-2267 of naloxone hydrochloride or any other opioid antagonist approved
39 by the United States food and drug administration.

40 B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this
41 section, the county school superintendent may construct, improve and
42 furnish school buildings or purchase or sell school sites in the conduct
43 of an accommodation school.

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

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

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

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

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

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

31 G. Notwithstanding any other provision of this title, a school
32 district governing board shall not take any action that would result in a
33 reduction of pupil square footage unless the governing board notifies the
34 school facilities board established by section 15-2001 of the proposed
35 action and receives written approval from the school facilities board to
36 take the action. A reduction includes an increase in administrative space
37 that results in a reduction of pupil square footage or sale of school
38 sites or buildings, or both. A reduction includes a reconfiguration of
39 grades that results in a reduction of pupil square footage of any grade
40 level. This subsection does not apply to temporary reconfiguration of
41 grades to accommodate new school construction if the temporary
42 reconfiguration does not exceed one year. The sale of equipment that
43 results in a reduction that falls below the equipment requirements
44 prescribed in section 15-2011, subsection B is subject to commensurate
45 withholding of school district district additional assistance monies

1 pursuant to the direction of the school facilities board. Except as
2 provided in section 15-342, paragraph 10, proceeds from the sale of school
3 sites, buildings or other equipment shall be deposited in the school plant
4 fund as provided in section 15-1102.

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

8 I. A SCHOOL DISTRICT GOVERNING BOARD MAY DELEGATE AUTHORITY IN
9 WRITING TO THE SUPERINTENDENT OF THE SCHOOL DISTRICT TO SUBMIT PLANS FOR
10 NEW SCHOOL FACILITIES TO THE SCHOOL FACILITIES BOARD FOR THE PURPOSE OF
11 CERTIFYING THAT THE PLANS MEET THE MINIMUM SCHOOL FACILITY ADEQUACY
12 GUIDELINES PRESCRIBED IN SECTION 15-2011.

13 Sec. 8. Section 15-901, Arizona Revised Statutes, is amended to
14 read:

15 15-901. Definitions

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

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

29 (a) "Fractional student" means:

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

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

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

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

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

1 (ii) For high schools, a student who has not graduated from the
2 highest grade taught in the school district and who is enrolled in at
3 least an instructional program of four or more subjects that count toward
4 graduation as defined by the state board of education, each of which, if
5 taught each school day for the minimum number of days required in a school
6 year, would meet a minimum of one hundred twenty-three hours a year, or
7 the equivalent, that meets for a total of at least seven hundred twenty
8 hours for a one hundred eighty-day school year, or the instructional hours
9 prescribed in this section in a recognized high school. A full-time
10 student shall not be counted more than once for computation of average
11 daily membership. The average daily membership of a full-time high school
12 student shall be 1.0 if the student is enrolled in at least four subjects
13 that meet at least seven hundred twenty hours for a one hundred eighty-day
14 school year, or the equivalent instructional hours prescribed in this
15 section. The hours in which a student is scheduled to attend a high
16 school during the regular school day shall be included in the calculation
17 of the average daily membership for that student.

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

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

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

38 (vi) Except as otherwise provided by law, for any student who is
39 concurrently enrolled, pursuant to section 15-808, in a school district
40 and Arizona online instruction or a charter school and Arizona online
41 instruction, the average daily membership shall be apportioned between the
42 school district and Arizona online instruction or the charter school and
43 Arizona online instruction and shall not exceed 1.0. The apportionment
44 shall be based on the percentage of total time that the student is

1 enrolled in or in attendance at the school district and Arizona online
2 instruction or the charter school and Arizona online instruction.

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

5 (c) "Regular school day" means the regularly scheduled class
6 periods intended for instructional purposes. Instructional purposes may
7 include core subjects, elective subjects, lunch, study halls, music
8 instruction, and other classes that advance the academic instruction of
9 pupils, except that instructional purposes shall not include athletic
10 practices or extracurricular clubs and activities.

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

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

16 (a) Grades one through eight.

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

18 4. "Current year" means the fiscal year in which a school district
19 is operating.

20 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (b) The total number of miles driven daily on routes approved by
44 the superintendent of public instruction for which a private party, a
45 political subdivision or a common or a contract carrier is reimbursed for

1 bringing an eligible student from the place of the student's residence to
2 a school transportation pickup point or to the school of attendance and
3 from the school transportation scheduled return point or from the school
4 of attendance to the student's residence. Daily route mileage includes
5 the total number of miles necessary to drive to transport eligible
6 students from and to their residence as provided in this paragraph.

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

9 8. "Eligible students" means:

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

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

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

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

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

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

44 9. "Enrolled" or "enrollment" means that a pupil is currently
45 registered in the school district.

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

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

9 12. "Revenue control limit" means the base revenue control limit
10 plus the transportation revenue control limit.

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

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

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

19 16. "Total students transported" means all eligible students
20 transported from their place of residence to a school transportation
21 pickup point or to the school of attendance and from the school of
22 attendance or from the school transportation scheduled return point to
23 their place of residence.

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

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

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

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

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

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

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

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

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

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

5 (g) For fiscal year 2016-2017, three thousand six hundred
6 thirty-five dollars sixty-four cents.

7 (h) For fiscal year 2017-2018, three thousand six hundred
8 eighty-three dollars twenty-seven cents.

9 (i) FOR FISCAL YEAR 2018-2019, THREE THOUSAND NINE HUNDRED SIXTY
10 DOLLARS SEVEN CENTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 20. "MOID" means programs for pupils with moderate intellectual
2 disability.
- 3 21. "OI-R" means a resource program for pupils with orthopedic
4 impairments.
- 5 22. "OI-SC" means a self-contained program for pupils with
6 orthopedic impairments.
- 7 23. "PSD" means preschool programs for children with disabilities
8 as provided in section 15-771.
- 9 24. "P-SD" means programs for children who meet the definition of
10 preschool severe delay as provided in section 15-771.
- 11 25. "Qualifying tax rate" means the qualifying tax rate specified
12 in section 15-971 applied to the assessed valuation used for primary
13 property taxes.
- 14 26. "Small isolated school district" means a school district that
15 meets all of the following:
- 16 (a) Has a student count of fewer than six hundred in kindergarten
17 programs and grades one through eight or grades nine through twelve.
- 18 (b) Contains no school that is fewer than thirty miles by the most
19 reasonable route from another school, or, if road conditions and terrain
20 make the driving slow or hazardous, fifteen miles from another school that
21 teaches one or more of the same grades and is operated by another school
22 district in this state.
- 23 (c) Is designated as a small isolated school district by the
24 superintendent of public instruction.
- 25 27. "Small school district" means a school district that meets all
26 of the following:
- 27 (a) Has a student count of fewer than six hundred in kindergarten
28 programs and grades one through eight or grades nine through twelve.
- 29 (b) Contains at least one school that is fewer than thirty miles by
30 the most reasonable route from another school that teaches one or more of
31 the same grades and is operated by another school district in this state.
- 32 (c) Is designated as a small school district by the superintendent
33 of public instruction.
- 34 28. "Transportation revenue control limit" means the transportation
35 revenue control limit computed as prescribed in section 15-946.
- 36 29. "Transportation support level" means the support level for
37 pupil transportation operating expenses as provided in section 15-945.
- 38 30. "VI" means programs for pupils with visual impairments.
- 39 Sec. 9. Section 15-903, Arizona Revised Statutes, is amended to
40 read:
- 41 15-903. Budget format; prohibited expenditures; annual report
- 42 A. The superintendent of public instruction in conjunction with the
43 auditor general shall prepare and prescribe a budget format to be utilized
44 by all school districts.

1 B. The budget format shall be designed to allow all school
2 districts to plan and provide in detail for the use of available
3 funds. The budget format shall contain distinct sections for, but need
4 not be limited to, maintenance and operation, debt service, special
5 projects, capital outlay, adjacent ways and classroom site fund. The
6 maintenance and operation section shall include, but need not be limited
7 to, separate subsections for regular education programs, special education
8 programs and operational expenditures for pupil transportation. Each
9 subsection shall clearly distinguish classroom instruction expenditures.
10 The special education program subsection shall include a subtotal for the
11 disability classifications as defined in section 15-761 and programs for
12 gifted, vocational and technical education, remedial education and
13 bilingual students. The total expenditures for each of these programs
14 shall be included on the budget form. The pupil transportation subsection
15 shall include all operational expenditures relating to the transportation
16 of pupils, including all operational expenditures within a contract if the
17 school district contracts for pupil transportation.

18 C. The capital outlay section of the budget shall include a
19 subsection for unrestricted capital outlay. The unrestricted capital
20 outlay subsection shall include budgeted expenditures for acquisitions by
21 purchase, lease-purchase or lease of capital items as defined in the
22 uniform system of financial records and shall include:

23 1. Land, buildings and improvements to land and buildings,
24 including labor and related employee benefits costs and material costs if
25 work is performed by school district employees.

26 2. Furniture, furnishings, athletic equipment and other equipment,
27 including computer software.

28 3. Pupil and nonpupil transportation vehicles and equipment,
29 including all capital expenditures within a contract if the school
30 district contracts for pupil transportation.

31 4. Textbooks and related printed subject matter materials adopted
32 by the governing board.

33 5. Instructional aids.

34 6. Library books.

35 7. Payment of principal and interest on bonds.

36 8. School district administration emergency needs that are directly
37 related to pupils.

38 D. The budget format shall contain distinct subsections for the
39 following:

40 1. Special programs to improve academic achievement of pupils in
41 kindergarten programs and grades one through three as provided in section
42 15-482.

43 2. School plant funds.

44 3. Capital outlay budget increases as provided in section 15-481.

- 1 4. Property taxation, including the following:
- 2 (a) The primary tax rates for the school district for the current
- 3 year and the budget year.
- 4 (b) The secondary tax rates for maintenance and operation, K-3 and
- 5 capital overrides for the school district for the current year and the
- 6 budget year.
- 7 (c) The secondary tax rates for class A bonds for the school
- 8 district for the current year and the budget year.
- 9 (d) The secondary tax rates for class B bonds for the school
- 10 district for the current year and the budget year.
- 11 5. A description of any corrections or adjustments made to the
- 12 budget pursuant to section 15-915.
- 13 E. The budget format shall also contain:
- 14 1. A statement identifying proposed pupil-teacher ratios and
- 15 pupil-staff ratios relating to the provision of special education services
- 16 for the budget year.
- 17 2. A statement identifying the number of full-time equivalent
- 18 certified employees.
- 19 3. THE PROMINENT DISPLAY OF THE AVERAGE SALARY OF ALL TEACHERS
- 20 EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT YEAR. THE SCHOOL DISTRICT
- 21 SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME PAGE
- 22 SEPARATELY FROM ITS BUDGET.
- 23 4. THE PROMINENT DISPLAY OF THE AVERAGE SALARY OF ALL TEACHERS
- 24 EMPLOYED BY THE SCHOOL DISTRICT FOR THE PREVIOUS YEAR. THE SCHOOL
- 25 DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME
- 26 PAGE SEPARATELY FROM ITS BUDGET.
- 27 5. THE PROMINENT DISPLAY OF THE DOLLAR INCREASE IN THE AVERAGE
- 28 SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT
- 29 YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON
- 30 ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.
- 31 6. THE PROMINENT DISPLAY OF THE PERCENTAGE INCREASE IN THE AVERAGE
- 32 SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT
- 33 YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON
- 34 ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.
- 35 F. The special projects section shall include budgeted expenditures
- 36 for state special projects, including special adult projects, career
- 37 education, deficiencies correction fund projects and new school facilities
- 38 fund projects, such federal special projects as ESEA title programs,
- 39 vocational education and title IV Indian education, and other special
- 40 projects.
- 41 G. A school district shall not make expenditures for campaign
- 42 literature associated with school district or charter school officials.
- 43 If the superintendent of public instruction determines that a school
- 44 district has violated this subsection, the superintendent of public

1 instruction may withhold any portion of the school district's
2 apportionment of state aid.

3 H. The budget format shall include an electronic format that shall
4 be submitted for each proposed, adopted and revised budget.

5 I. ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF
6 EDUCATION SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET
7 COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A
8 REPORT THAT COMPILES THE INFORMATION REQUIRED BY SUBSECTION E, PARAGRAPHS
9 3 THROUGH 6 OF THIS SECTION FOR ALL SCHOOL DISTRICTS STATEWIDE.

10 Sec. 10. Section 15-945, Arizona Revised Statutes, is amended to
11 read:

12 15-945. Transportation support level

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

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

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>
32 Approved Daily Route	State Support Level per
33 Mileage per Eligible	Route Mile for
34 <u>Student Transported</u>	<u>Fiscal Year 2017-2018 2018-2019</u>
35 0.5 or less	2.59 2.64
36 More than 0.5 through 1.0	2.12 2.16
37 More than 1.0	2.59 2.64

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

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

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

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

9 <u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
10 Approved Daily Route			
11 Mileage per Eligible	District Type	District Type	District Type
12 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
13 0.5 or less	0.15	0.10	0.25
14 More than 0.5 through 1.0	0.15	0.10	0.25
15 More than 1.0	0.18	0.12	0.30

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

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

25 1. Determine the sum of the following:

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

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

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

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

1 athletic trips as determined in subsection B of this section and the
2 support level for extended school year services for pupils with
3 disabilities as determined in subsection C of this section.

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

7 F. School districts must provide the odometer reading for each bus
8 as of the end of the current year and the total bus mileage during the
9 current year.

10 Sec. 11. Section 15-2001, Arizona Revised Statutes, is amended to
11 read:

12 15-2001. School facilities board; conflict of interest;
13 violation; classification; change orders;
14 notification

15 A. The school facilities board is established consisting of the
16 following members who shall be appointed by the governor pursuant to
17 section 38-211 in such a manner as to provide for approximate geographic
18 balance and approximate balance between public and private members:

19 1. One member who is an elected member of a school district
20 governing board with knowledge and experience in the area of finance.

21 2. One private citizen who represents an organization of taxpayers.

22 3. One member with knowledge and experience in ~~school construction~~
23 **PUBLIC PROCUREMENT.**

24 4. One member who is a registered professional architect and who
25 has current knowledge and experience in school architecture.

26 5. One member with knowledge and experience in school facilities
27 management in a public school system.

28 6. One member with knowledge and experience in demographics.

29 7. One member who is a teacher and who currently provides classroom
30 instruction.

31 8. One member who is a registered professional engineer and who has
32 current knowledge and experience in school engineering.

33 9. One member who is an owner or officer of a private ~~business~~
34 **CONSTRUCTION COMPANY WHOSE BUSINESS DOES NOT INCLUDE SCHOOL CONSTRUCTION.**

35 B. In addition to the members appointed pursuant to subsection A of
36 this section, the superintendent of public instruction or the
37 superintendent's designee shall serve as an advisory nonvoting member of
38 the school facilities board.

39 C. The governor shall appoint a chairperson from members appointed
40 pursuant to subsection A of this section.

41 D. Members of the school facilities board serve ~~four-year~~ **FOUR-YEAR**
42 terms. The school facilities board shall meet as often as the members
43 deem necessary. A majority of the members constitutes a quorum for the
44 transaction of business.

1 E. The unexcused absence of a member for more than three
2 consecutive meetings is justification for removal by a majority vote of
3 the board. If the member is removed, notice shall be given of the removal
4 pursuant to section 38-292.

5 F. The governor shall fill a vacancy by appointment of a qualified
6 person as provided in subsection A of this section.

7 G. Members of the board who are employed by government entities are
8 not eligible to receive compensation. Members of the board who are not
9 employed by government entities are entitled to payment of one hundred
10 fifty dollars for each meeting attended, prorated for partial days spent
11 for each meeting, up to two thousand five hundred dollars each year. All
12 members are eligible for reimbursement of expenses pursuant to title 38,
13 chapter 4, article 2. These expenses and the payment of compensation are
14 payable to a member from monies appropriated to the board from the new
15 school facilities fund.

16 H. Members **AND EMPLOYEES** of the school facilities board are subject
17 to title 38, chapter 3, article 8.

18 I. **IN ADDITION TO THE REQUIREMENTS PRESCRIBED IN SUBSECTION H OF**
19 **THIS SECTION, EMPLOYEES OF THE SCHOOL FACILITIES BOARD MAY NOT HAVE A**
20 **DIRECT OR INDIRECT FINANCIAL INTEREST IN ANY PROPERTY PURCHASED, FACILITY**
21 **CONSTRUCTED OR CONTRACT FINANCED WITH MONIES MADE AVAILABLE BY THE BOARD**
22 **OR ANY OTHER PUBLIC MONIES. A PERSON WHO KNOWINGLY VIOLATES THIS**
23 **SUBSECTION IS GUILTY OF A CLASS 1 MISDEMEANOR.**

24 J. **THE SCHOOL FACILITIES BOARD SHALL ESTABLISH POLICIES AND**
25 **PROCEDURES RELATING TO BUILDING RENEWAL GRANT CHANGE ORDERS THAT INCLUDE**
26 **THE FOLLOWING:**

27 1. **THE BOARD SHALL APPROVE OR REJECT A CHANGE ORDER WITHIN TWO**
28 **BUSINESS DAYS.**

29 2. **IF A SCHOOL DISTRICT APPROVES WORK REFERENCED IN A CHANGE ORDER**
30 **BEFORE THE BOARD APPROVES THE CHANGE ORDER, THE SCHOOL DISTRICT IS**
31 **RESPONSIBLE FOR THE COST AND CONSTRUCTION OF THE PROJECT.**

32 K. **THE SCHOOL FACILITIES BOARD SHALL ESTABLISH POLICIES AND**
33 **PROCEDURES TO ENSURE THAT IT NOTIFIES SCHOOL DISTRICTS IN A UNIFORM MANNER**
34 **AND AT LEAST ANNUALLY OF THE SERVICES AND FUNDING THAT ARE AVAILABLE FROM**
35 **THE BOARD FOR FACILITY CONSTRUCTION, RENOVATION AND REPAIR PROJECTS. THE**
36 **BOARD SHALL UPDATE AND POST THIS INFORMATION ON ITS WEBSITE ON OR BEFORE**
37 **JULY 1 OF EACH YEAR.**

38 L. **THE SCHOOL FACILITIES BOARD SHALL ESTABLISH AND MAINTAIN A LIST**
39 **OF THE PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT EACH**
40 **SCHOOL DISTRICT IN THIS STATE. A SCHOOL DISTRICT SHALL PROMPTLY NOTIFY**
41 **THE BOARD OF ANY CHANGE TO PERSONS WHO ARE RESPONSIBLE FOR FACILITIES**
42 **MANAGEMENT AT THAT SCHOOL DISTRICT. THE BOARD SHALL UPDATE AND POST THIS**
43 **INFORMATION ON ITS WEBSITE ON OR BEFORE JULY 1 OF EACH YEAR.**

44 M. **MEMBERS OF THE SCHOOL FACILITIES BOARD MAY NOT SOLICIT, ACCEPT**
45 **OR PROVIDE GIFTS THAT ARE PROHIBITED BY STATE LAW.**

1 Sec. 12. Section 15-2002, Arizona Revised Statutes, is amended to
2 read:

3 15-2002. Powers and duties; executive director; staffing;
4 reporting requirements

5 A. The school facilities board shall:

6 1. Make assessments of school facilities and equipment deficiencies
7 and approve the distribution of grants as appropriate.

8 2. Maintain a database of school facilities to administer the
9 building renewal grant fund and new school facilities formula. The
10 facilities listed in the database must include all buildings that are
11 owned by school districts. The school facilities board shall ensure that
12 the database is updated on at least an annual basis. Each school district
13 shall report to the school facilities board no later than September 1 of
14 each year information as required by the school facilities board for the
15 administration of the building renewal grant fund and computation of new
16 school facilities formula distributions, including the nature and cost of
17 major repairs, renovations or physical improvements to or replacement of
18 building systems or equipment that were made in the previous year and that
19 were paid for either with local monies or monies provided by the school
20 facilities board from the building renewal grant fund. Each school
21 district shall report any school or school buildings that have been
22 closed, that have been leased to another entity or that operate as a
23 charter school. The school facilities board may review or audit the
24 information, or both, to confirm the information submitted by a school
25 district. Notwithstanding any other provision of this chapter, if a
26 school district converts space that is listed in the database maintained
27 pursuant to this paragraph to space that will be used for administrative
28 purposes, the school district is responsible for any costs associated with
29 the conversion, maintenance and replacement of that space. If a building
30 is significantly upgraded or remodeled, the school facilities board shall
31 adjust the age of that school facility in the database as follows:

32 (a) Determine the building capacity value as follows:

33 (i) Multiply the student capacity of the building by the per pupil
34 square foot capacity established by section 15-2041.

35 (ii) Multiply the product determined in item (i) of this
36 subdivision by the cost per square foot established by section 15-2041.

37 (b) Divide the cost of the renovation by the building capacity
38 value determined in subdivision (a) of this paragraph.

39 (c) Multiply the quotient determined in subdivision (b) of this
40 paragraph by the currently listed age of the building in the database.

41 (d) Subtract the product determined in subdivision (c) of this
42 paragraph from the currently listed age of the building in the database,
43 rounded to the nearest whole number. If the result is a negative number,
44 use zero.

1 3. Inspect school buildings at least once every five years to
2 ensure compliance with the building adequacy standards prescribed in
3 section 15-2011 and routine ~~preventative~~ PREVENTIVE maintenance guidelines
4 as prescribed in this section with respect to construction of new
5 buildings and maintenance of existing buildings. The school facilities
6 board shall randomly select twenty school districts every thirty months
7 and inspect them pursuant to this paragraph.

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

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

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

28 7. Develop application forms, reporting forms and procedures to
29 carry out the requirements of this article~~—~~ , INCLUDING DEVELOPING AND
30 IMPLEMENTING POLICIES AND PROCEDURES TO:

31 (a) ENSURE THAT THE BOARD NOTIFIES SCHOOL DISTRICTS IN A UNIFORM
32 MANNER OF THE SERVICES AND FUNDING AVAILABLE FOR SCHOOL DISTRICTS FROM THE
33 BOARD FOR FACILITY CONSTRUCTION, RENOVATION AND REPAIR PROJECTS. THE
34 POLICIES AND PROCEDURES SHALL REQUIRE THE BOARD TO PROVIDE AT LEAST ONE
35 ANNUAL COMMUNICATION TO SCHOOL DISTRICTS IN A MANNER PRESCRIBED BY THE
36 BOARD AND SHALL REQUIRE EACH SCHOOL DISTRICT TO DEVELOP AND MAINTAIN A
37 LIST OF PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT THAT
38 SCHOOL DISTRICT.

39 (b) ESTABLISH A PROJECT ELIGIBILITY ASSESSMENT FOR ALL PROJECTS
40 SUBMITTED FOR BUILDING RENEWAL GRANT FUNDING OR EMERGENCY DEFICIENCIES
41 CORRECTION FUNDING, INCLUDING ESTABLISHING STANDARDIZED CRITERIA FOR
42 PROJECT ELIGIBILITY. BEFORE THE BOARD FORMALLY APPROVES A PROJECT, THE
43 STAFF OF THE BOARD MAY REVIEW THE COSTS AND SCOPE OF THE PROPOSED PROJECT
44 WITH PERSONS AND ENTITIES THAT HAVE SUBMITTED BIDS ON THE PROJECT.

1 (c) ENSURE THAT THE BOARD MAINTAINS STANDARDIZED DOCUMENTATION OF
2 ALL PROJECTS SUBMITTED TO THE BOARD FOR CONSIDERATION TO RECEIVE SERVICES
3 OR A FINANCIAL AWARD FROM THE BOARD. THE BOARD SHALL MAINTAIN STANDARDIZED
4 DOCUMENTATION OF ANY PROJECT AWARDED MONIES BY THE BOARD, INCLUDING
5 RECORDS OF PAYMENTS TO SCHOOL DISTRICTS IN A MANNER PRESCRIBED BY THE
6 BOARD. THE STANDARDIZED DOCUMENTATION SHALL INCLUDE THE FOLLOWING AS PART
7 OF THE ELIGIBILITY DETERMINATION CRITERIA:

8 (i) WHETHER THE PROBLEM THAT THE PROPOSED PROJECT INTENDS TO
9 ADDRESS CAUSED THE BUILDING OR FACILITY TO FALL BELOW THE MINIMUM SCHOOL
10 FACILITY ADEQUACY GUIDELINES PRESCRIBED IN SECTION 15-2011.

11 (ii) WHETHER THE SCHOOL DISTRICT PERFORMED THE ROUTINE PREVENTIVE
12 MAINTENANCE REQUIRED PURSUANT TO SECTION 15-2032 ON THE BUILDING OR
13 FACILITY.

14 (d) REQUIRE A SCHOOL DISTRICT TO SUBMIT CONTACT INFORMATION FOR
15 EACH PROPOSED PROJECT, INCLUDING THE NAME, E-MAIL ADDRESS AND TELEPHONE
16 NUMBER OF PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT THE
17 SCHOOL DISTRICT.

18 (e) REQUIRE A SCHOOL DISTRICT TO PROVIDE JUSTIFICATION FOR EACH
19 PROPOSED PROJECT, INCLUDING ALL OF THE FOLLOWING:

20 (i) THE SCHOOL DISTRICT'S USE OR PLANNED USE OF THE FACILITY.

21 (ii) A DETAILED DESCRIPTION OF THE PROBLEM AND THE SCHOOL
22 DISTRICT'S RECOMMENDED SOLUTION.

23 (iii) ANY COMPLETED PROFESSIONAL STUDY REGARDING THE PROPOSED
24 PROJECT.

25 (iv) ANY CITATION OR REPORT FROM GOVERNMENT ENTITIES.

26 (v) THE ESTIMATED COST OF THE PROPOSED PROJECT, WITH DOCUMENTATION.

27 (vi) THE PROJECT CATEGORY.

28 (vii) A DESCRIPTION OF ANY LOCAL FUNDING THAT WILL BE USED FOR THE
29 PROPOSED PROJECT IF THE SCHOOL FACILITIES BOARD STAFF IS AVAILABLE FOR THE
30 REVIEW WITHIN THE TIME FRAME ESTABLISHED BY THE SCHOOL DISTRICT.

31 (viii) DOCUMENTATION ON ASSOCIATED INSURANCE COVERAGE, IF
32 APPLICABLE.

33 (f) IF THE APPLICATION IS FOR MONIES FROM THE BUILDING RENEWAL
34 GRANT FUND ESTABLISHED BY SECTION 15-2032, REQUIRE THE SCHOOL DISTRICT TO
35 REPORT THE PREVENTIVE MAINTENANCE ACTIVITIES COMPLETED DURING THE PREVIOUS
36 TWELVE MONTHS FOR THE FACILITY FOR WHICH THE MONIES ARE BEING REQUESTED.

37 (g) REQUIRE THAT AN INITIAL APPLICATION NOT BE CONSIDERED COMPLETE
38 UNTIL ALL NECESSARY INFORMATION IS SUBMITTED.

39 (h) ALLOW A SCHOOL DISTRICT TO SUBMIT AN INCOMPLETE APPLICATION AND
40 REQUEST TECHNICAL ASSISTANCE FROM THE STAFF OF THE BOARD IF THE SCHOOL
41 DISTRICT IS UNABLE TO PROVIDE SUFFICIENT INFORMATION IN THE INITIAL
42 APPLICATION.

43 (i) REQUIRE THAT A COMPLETE APPLICATION BE RECEIVED BY THE BOARD AT
44 LEAST FIFTEEN BUSINESS DAYS BEFORE THE NEXT REGULARLY SCHEDULED BOARD
45 MEETING IN ORDER FOR THE APPLICATION TO BE CONSIDERED AT THAT MEETING. AN

1 INCOMPLETE APPLICATION MAY BE CONSIDERED AT THAT MEETING IF BOTH THE STAFF
2 OF THE BOARD AND THE SUPERINTENDENT OF THE SCHOOL DISTRICT DEEM THE
3 PROJECT CRITICAL.

4 (j) ALLOW THE STAFF OF THE BOARD TO NOTIFY A SCHOOL DISTRICT IN
5 WRITING BEFORE REVIEW BY THE BOARD THAT THE PROPOSED PROJECT DOES NOT MEET
6 ELIGIBILITY CRITERIA PRESCRIBED IN THIS CHAPTER. THE WRITTEN NOTIFICATION
7 SHALL INCLUDE DOCUMENTATION TO SUPPORT THE STAFF'S DETERMINATION THAT THE
8 PROPOSED PROJECT DOES NOT MEET THE ELIGIBILITY CRITERIA PRESCRIBED IN THIS
9 CHAPTER. THE SCHOOL DISTRICT MAY DIRECTLY APPEAL THE STAFF'S
10 DETERMINATION OF INELIGIBILITY TO THE EXECUTIVE DIRECTOR OF THE BOARD.
11 THE SCHOOL DISTRICT MAY DIRECTLY APPEAL THE EXECUTIVE DIRECTOR'S
12 DETERMINATION OF INELIGIBILITY TO THE BOARD.

13 (k) PROHIBIT THE STAFF OF THE BOARD FROM REQUESTING THAT A SCHOOL
14 DISTRICT WITHDRAW A PROJECT APPLICATION FROM REVIEW BY THE BOARD IF THE
15 INITIAL STAFF REVIEW DETERMINES THAT THE PROPOSED PROJECT MAY BE
16 INELIGIBLE FOR MONIES FROM THE BOARD.

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

19 9. Submit electronically an annual report on or before December 15
20 to the speaker of the house of representatives, the president of the
21 senate, the superintendent of public instruction, the secretary of state
22 and the governor that includes the following information:

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

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

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

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

39 10. On or before December 1 of each year, report electronically to
40 the joint committee on capital review the amounts necessary to fulfill the
41 requirements of sections 15-2022 and 15-2041 for the following three
42 fiscal years. In developing the amounts necessary for this report, the
43 school facilities board shall use the most recent average daily membership
44 data available. On request from the board, the department of education
45 shall make available the most recent average daily membership data for use

1 in calculating the amounts necessary to fulfill the requirements of
2 section 15-2041 for the following three fiscal years. The board shall
3 provide copies of the report to the president of the senate, the speaker
4 of the house of representatives and the governor.

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

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

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

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

33 15. On or before December 31 of each year, report to the joint
34 legislative budget committee on all class B bond approvals by school
35 districts in that year. Each school district shall report to the school
36 facilities board on or before December 1 of each year information required
37 by the school facilities board for the report prescribed in this
38 paragraph.

39 16. Validate proposed adjacent ways projects submitted by school
40 districts as prescribed in section 15-995.

41 B. The school facilities board may contract for the following
42 services in compliance with the procurement practices prescribed in title
43 41, chapter 23:

44 1. Private services.

45 2. Construction project management services.

1 3. Assessments for school buildings to determine if the buildings
2 have outlived their useful life pursuant to section 15-2041, subsection G.

3 4. Services related to land acquisition and development of a school
4 site.

5 C. The governor shall appoint an executive director of the school
6 facilities board pursuant to section 38-211. The executive director is
7 eligible to receive compensation as determined pursuant to section 38-611
8 and may hire and fire necessary staff subject to title 41, chapter 4,
9 article 4 and as approved by the legislature in the budget. The executive
10 director shall have demonstrated competency in school finance, facilities
11 design or facilities management, either in private business or government
12 service. The executive director serves at the pleasure of the governor.
13 The staff of the school facilities board is exempt from title 41, chapter
14 4, articles 5 and 6. The executive director:

15 1. Shall analyze applications for monies submitted to the board by
16 school districts.

17 2. Shall assist the board in developing forms and procedures for
18 the distribution and review of applications and the distribution of monies
19 to school districts.

20 3. May review or audit, or both, the expenditure of monies by a
21 school district for deficiencies corrections and new school facilities.

22 4. Shall assist the board in the preparation of the board's annual
23 report.

24 5. Shall research and provide reports on issues of general interest
25 to the board.

26 6. May aid school districts in the development of reasonable and
27 cost-effective school designs in order to avoid statewide duplicated
28 efforts and unwarranted expenditures in the area of school design.

29 7. May assist school districts in facilitating the development of
30 multijurisdictional facilities.

31 8. Shall assist the board in any other appropriate matter or method
32 as directed by the members of the board.

33 9. Shall establish procedures to ensure compliance with the notice
34 and hearing requirements prescribed in section 15-905. The notice and
35 hearing procedures adopted by the board shall include the requirement,
36 with respect to the board's consideration of any application filed after
37 July 1, 2001 or after December 31 of the year in which the property
38 becomes territory in the vicinity of a military airport or ancillary
39 military facility as defined in section 28-8461 for monies to fund the
40 construction of new school facilities proposed to be located in territory
41 in the vicinity of a military airport or ancillary military facility, that
42 the military airport receive notification of the application by first
43 class mail at least thirty days before any hearing concerning the
44 application.

1 10. May expedite any request for monies in which the local match
2 was not obtained for a project that received preliminary approval by the
3 state board for school capital facilities.

4 11. Shall expedite any request for monies in which the school
5 district governing board submits an application that shows an immediate
6 need for a new school facility.

7 12. Shall make a determination as to administrative completion
8 within one month after the receipt of an application by a school district
9 for monies from the new school facilities fund.

10 13. Shall provide technical support to school districts as
11 requested by school districts in connection with the construction of new
12 school facilities and the maintenance of existing school facilities and
13 may contract directly with construction project managers pursuant to
14 subsection B of this section. This paragraph does not restrict a school
15 district from contracting with a construction project manager using
16 district or state resources.

17 D. When appropriate, the school facilities board shall review and
18 use the statewide school facilities inventory and needs assessment
19 conducted by the joint committee on capital review and issued in July,
20 1995.

21 E. The school facilities board shall contract with one or more
22 private building inspectors to complete an initial assessment of school
23 facilities and equipment and shall inspect each school building in this
24 state at least once every five years to ensure compliance with section
25 15-2011. A copy of the inspection report, together with any
26 recommendations for building maintenance, shall be provided to the school
27 facilities board and the governing board of the school district.

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

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

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

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

1 construction planning and services performed pursuant to this subsection
2 are exempt from section 41-791.01.

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

7 K. Each school district shall develop routine ~~preventative~~
8 PREVENTIVE maintenance guidelines for its facilities. The guidelines
9 shall include plumbing systems, electrical systems, heating, ventilation
10 and air conditioning systems, special equipment and other systems and for
11 roofing systems shall recommend visual inspections performed by district
12 staff for signs of structural stress and weakness. The guidelines shall
13 be submitted to the school facilities board for review and approval. If
14 on inspection by the school facilities board it is determined that a
15 school district facility was inadequately maintained pursuant to the
16 school district's routine ~~preventative~~ PREVENTIVE maintenance guidelines,
17 the school district shall return the building to compliance with the
18 school district's routine ~~preventative~~ PREVENTIVE maintenance guidelines.

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

24 1. The transfer is necessary to avoid a temporary shortfall in the
25 fund into which the monies are transferred.

26 2. The transferred monies are restored to the fund where the monies
27 originated as soon as practicable after the temporary shortfall in the
28 other fund has been addressed.

29 3. The school facilities board reports to the joint committee on
30 capital review the amount of and the reason for any monies transferred.

31 M. After notifying each school district, and if a written objection
32 from the school district is not received by the school facilities board
33 within thirty days of the notification, the school facilities board may
34 access public utility company records of power, water, natural gas,
35 telephone and broadband usage to assemble consistent and accurate data on
36 utility consumption at school facilities to determine the effectiveness of
37 facility design, operation and maintenance measures intended to reduce
38 energy and water consumption and costs. Any public utility that provides
39 service to a school district in this state shall provide the data
40 requested by the school facilities board pursuant to this subsection.

41 N. The school facilities board shall not require a common school
42 district that provides instruction to pupils in grade nine to obtain
43 approval from the school facilities board to reconfigure its school
44 facilities. A common school district that provides instruction to pupils

1 in grade nine is not entitled to additional monies from the school
2 facilities board for facilities to educate pupils in grade nine.

3 O. A SCHOOL DISTRICT MAY APPEAL THE DENIAL OF A REQUEST FOR MONIES
4 PURSUANT TO THIS CHAPTER OR ANY OTHER APPEALABLE AGENCY ACTION BY THE
5 SCHOOL FACILITIES BOARD PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10. FOR
6 THE PURPOSES OF THIS SUBSECTION, "APPEALABLE AGENCY ACTION" HAS THE SAME
7 MEANING PRESCRIBED IN SECTION 41-1092.

8 Sec. 13. Section 15-2011, Arizona Revised Statutes, as amended by
9 Laws 2017, chapter 258, section 11 and chapter 304, section 7, is amended
10 to read:

11 15-2011. Minimum school facility adequacy requirements;
12 definition

13 A. The school facilities board, as determined and prescribed in
14 this chapter, shall provide funding to school districts for new
15 construction as the number of pupils in the district fills the existing
16 school facilities and requires more pupil space.

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

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

28 2. The buildings are in compliance with federal, state and local
29 building and fire codes and laws that are applicable to the particular
30 building, except that a school with an aggregate area of less than five
31 thousand square feet is subject to permitting and inspection by a local
32 fire marshal and is only subject to regulation or inspection by the office
33 of the state fire marshal if the county, city or town in which the school
34 is located does not employ a local fire marshal. An existing school
35 building is not required to comply with current requirements for new
36 buildings unless this compliance is specifically mandated by law or by the
37 building or fire code of the jurisdiction where the building is located.

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

41 4. The buildings are structurally sound.

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

1 1. For a school district that provides instruction to pupils in
2 programs for preschool children with disabilities, kindergarten programs
3 and grades one through six, eighty square feet per pupil in programs for
4 preschool children with disabilities, kindergarten programs and grades one
5 through six.

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

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

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

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

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

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

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

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

35 2. Geographic factors.

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

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

40 1. Use the most recent fortieth day average daily membership.

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

42 (a) Total gross square footage.

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

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

7 4. Compute the gross square footage of all buildings by measuring
8 from exterior wall to exterior wall. Square footage used solely for
9 district administration, storage of vehicles and other nonacademic
10 purposes shall be excluded from the net square footage.

11 5. Include all portable and modular buildings.

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

18 (a) The excess square footage was constructed before July 1, 2002
19 or funded by a class B bond, impact aid revenue bond or capital outlay
20 override approved by the voters after August 1, 1998 and before June 30,
21 2002 or funded from unrestricted capital outlay expended before June 30,
22 2002.

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

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

29 7. Exclude square footage built under a developer agreement
30 according to section 15-342, paragraph 33 until the school facilities
31 board provides funding for the square footage under section 15-2041,
32 subsection 0.

33 8. Include square footage that a school district has leased to
34 another entity.

35 F. The school facilities board shall adopt rules establishing
36 minimum school facility adequacy guidelines. The guidelines shall provide
37 the minimum quality and quantity of school buildings and facilities and
38 equipment necessary and appropriate to enable pupils to achieve the
39 academic standards pursuant to section 15-203, subsection A, paragraphs 12
40 and 13 and sections 15-701 and 15-701.01. At a minimum, the school
41 facilities board shall address all of the following in developing these
42 guidelines:

43 1. School sites.

44 2. Classrooms.

45 3. Libraries and media centers, or both.

1 B. The school facilities board shall distribute monies from the
2 fund based on grant requests from school districts to fund primary
3 building renewal projects. Project requests shall be prioritized by the
4 school facilities board, with priority given to school districts that have
5 provided routine ~~preventative~~ PREVENTIVE maintenance on the facility, ~~and~~
6 ~~to school districts that can provide a match of monies provided by the~~
7 ~~fund~~. The school facilities board shall approve only projects that will
8 be completed within twelve months, unless similar projects on average take
9 longer to complete.

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

- 13 1. Major renovations and repairs to a building THAT IS USED FOR
14 STUDENT INSTRUCTION OR OTHER ACADEMIC PURPOSES.
- 15 2. Upgrading systems and areas that will maintain or extend the
16 useful life of the building.
- 17 3. Infrastructure costs.

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

- 20 1. New construction.
- 21 2. Remodeling interior space for aesthetic or preferential reasons.
- 22 3. Exterior beautification.
- 23 4. Demolition.
- 24 5. Routine ~~preventative~~ PREVENTIVE maintenance.
- 25 6. Any project in a building, or part of a building, that is being
26 leased to another entity.

27 E. Accommodation schools are not eligible for monies from the
28 building renewal grant fund.

29 F. If the school facilities board or a court of competent
30 jurisdiction determines that a school district received monies from the
31 building renewal grant fund that must be reimbursed to the school
32 facilities board due to legal action associated with improper construction
33 by a hired contractor, the school district shall reimburse the school
34 facilities board an agreed-on amount for deposit into the building renewal
35 grant fund.

36 G. THE SCHOOL FACILITIES BOARD SHALL CATEGORIZE EACH PROJECT THAT
37 IS ELIGIBLE FOR MONIES FROM THE BUILDING RENEWAL GRANT FUND AS EITHER
38 CRITICAL OR NONCRITICAL. THE BOARD SHALL ADOPT POLICIES AND PROCEDURES TO
39 PRIORITIZE CRITICAL PROJECTS AND TO DESIGNATE CRITICAL PROJECTS AS
40 PROJECTS THAT IMMEDIATELY IMPACT STUDENT SAFETY OR BUILDING CLOSURES OR
41 THAT RESULT IN OPERATIONAL DISRUPTIONS. CRITICAL PROJECTS HAVE PRIORITY
42 OVER ANY PREVIOUSLY APPROVED NONCRITICAL PROJECTS.

43 H. IF THE SCHOOL FACILITIES BOARD DETERMINES THAT SUFFICIENT MONIES
44 ARE NOT AVAILABLE FOR A NONCRITICAL PROJECT THAT THE BOARD HAS APPROVED,
45 THE BOARD SHALL NOTIFY THE SCHOOL DISTRICT THAT SUBMITTED THE PROJECT

1 REQUEST THAT MONIES WILL BE DISTRIBUTED FROM THE BUILDING RENEWAL GRANT
2 FUND FOR THE PROJECT ONLY IF THE LEGISLATURE APPROPRIATES SUFFICIENT
3 MONIES. IF SUFFICIENT MONIES ARE NOT AVAILABLE IN THE FISCAL YEAR IN
4 WHICH THE PROJECT IS AWARDED FOR A NONCRITICAL PROJECT, THE AWARD SHALL BE
5 CANCELED AND THE SCHOOL DISTRICT MAY SUBMIT A NEW PROJECT IN THE NEXT
6 FISCAL YEAR.

7 I. BUILDING RENEWAL GRANTS PURSUANT TO THIS SECTION SHALL BE USED
8 ONLY FOR PROJECTS THAT SERVE AN ACADEMIC PURPOSE.

9 ~~G.~~ J. For the purposes of this section:

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

17 2. "Routine ~~preventative~~ PREVENTIVE maintenance" means services
18 that are performed on a regular schedule at intervals ranging from four
19 times a year to once every three years, or on the schedule of services
20 recommended by the manufacturer of the specific building system or
21 equipment, and that are intended to extend the useful life of a building
22 system and reduce the need for major repairs.

23 3. "Student capacity" has the same meaning prescribed in section
24 15-2011.

25 Sec. 16. Section 15-2041, Arizona Revised Statutes, is amended to
26 read:

27 ~~15-2041.~~ 15-2041. New school facilities fund; capital plan; report

28 A. The new school facilities fund is established consisting of
29 monies appropriated by the legislature and monies credited to the fund
30 pursuant to section 37-221. The school facilities board shall administer
31 the fund and distribute monies, as a continuing appropriation, to school
32 districts for the purpose of constructing new school facilities and for
33 contracted expenses pursuant to section 15-2002, subsection B, paragraphs
34 2, 3 and 4. On June 30 of each fiscal year, any unobligated contract
35 monies in the new school facilities fund shall be transferred to the
36 capital reserve fund established by section 15-2003.

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

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

1 2. A description of new schools or additions to existing schools
2 needed to meet the building adequacy standards prescribed in section
3 15-2011. The description shall include:

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

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

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

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

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

13 5. If a school district pays tuition for all or a portion of the
14 school district's high school pupils to another school district, the
15 capital plan shall indicate the number of pupils for which the district
16 pays tuition to another district. If a school district accepts pupils
17 from another school district pursuant to section 15-824, subsection A, the
18 school district shall indicate the projections for this population
19 separately. This paragraph does not apply to a small isolated school
20 district as defined in section 15-901.

21 C. If the capital plan indicates a need for a new school or an
22 addition to an existing school within the next four years or a need for
23 land within the next ten years, the school district shall submit its plan
24 to the school facilities board by July 1 and shall request monies from the
25 new school facilities fund for the new construction or land. The school
26 facilities board may require a school district to sell land that was
27 previously purchased entirely with monies provided by the school
28 facilities board if the school facilities board determines that the
29 property is no longer needed within the ten-year period specified in this
30 subsection for a new school or no longer needed within that ten-year
31 period for an addition to an existing school. Monies provided for land
32 ~~shall be~~ ARE in addition to any monies provided pursuant to subsection D
33 of this section.

34 D. The school facilities board shall distribute monies from the new
35 school facilities fund for additional square footage as follows:

36 1. The school facilities board shall review and evaluate the
37 enrollment projections. On or before December 1 OF EACH YEAR, following
38 the submission of the enrollment projections, the school facilities board
39 shall either approve the projections as submitted or revise the
40 projections. In approving or revising the enrollment projections, the
41 school facilities board shall use the most recent fortieth day average
42 daily membership data available during the current school year. On
43 request from the school facilities board, the department of education
44 shall make available the most recent average daily membership data for use
45 in revising the enrollment projections. In determining new construction

1 requirements, the school facilities board shall determine the net new
 2 growth of pupils that will require additional square footage that exceeds
 3 the building adequacy standards prescribed in section 15-2011. If the
 4 projected growth and the existing number of pupils exceed three hundred
 5 fifty pupils who are served in a school district other than the pupil's
 6 resident school district, the school facilities board, the receiving
 7 school district and the resident school district shall develop a capital
 8 facilities plan on how to best serve those pupils. A small isolated
 9 school district as defined in section 15-901 is not required to develop a
 10 capital facilities plan pursuant to this paragraph.

11 2. If the most recent fortieth day average daily membership during
 12 the current school year indicates that additional space would not have
 13 been needed during the current school year in order to meet the building
 14 adequacy standards prescribed in section 15-2011, the request shall be
 15 held for consideration by the school facilities board for possible future
 16 funding and the school district shall annually submit an updated plan
 17 until the additional space is needed.

18 3. If the most recent fortieth day average daily membership during
 19 the current school year indicates that additional space would have been
 20 needed during the current school year in order to meet the building
 21 adequacy standards prescribed in section 15-2011, the school facilities
 22 board shall provide an amount as follows:

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

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

1 (i) The number of pupils served or projected to be served by the
2 school district.
3 (ii) Geographic factors.
4 (iii) Grade configurations other than those prescribed in this
5 subdivision.
6 (iv) Compliance with minimum school facility adequacy requirements
7 established pursuant to section 15-2011.
8 (c) Multiply the product obtained in subdivision (b) of this
9 paragraph by the cost per square foot. The cost per square foot is ninety
10 dollars for preschool children with disabilities, kindergarten programs
11 and grades one through six, ninety-five dollars for grades seven and eight
12 and one hundred ten dollars for grades nine through twelve. The cost per
13 square foot shall be adjusted annually for construction market
14 considerations based on an index identified or developed by the joint
15 legislative budget committee as necessary but not less than once each
16 year. The school facilities board shall multiply the cost per square foot
17 by 1.05 for any school district located in a rural area. The school
18 facilities board may only modify the base cost per square foot prescribed
19 in this subdivision for particular schools based on geographic conditions
20 or site conditions. For the purposes of this subdivision, "rural area"
21 means an area outside a thirty-five-mile radius of a boundary of a
22 municipality with a population of more than fifty thousand persons.
23 (d) Once the school district governing board obtains approval from
24 the school facilities board for new facility construction monies,
25 additional portable or modular square footage created for the express
26 purpose of providing temporary space for pupils until the completion of
27 the new facility and any additional space funded by the school district
28 shall not be included by the school facilities board for the purpose of
29 new construction funding calculations. On completion of the new facility
30 construction project, any additional space funded by the school district
31 shall be included as prescribed by this chapter and, if the portable or
32 modular facilities continue in use, the portable or modular facilities
33 shall be included as prescribed by this chapter, unless the school
34 facilities board approves their continued use for the purpose of providing
35 temporary space for pupils until the completion of the next new facility
36 that has been approved for funding from the new school facilities fund.
37 4. For projects approved after December 31, 2001, and
38 notwithstanding paragraph 3 of this subsection, a unified school district
39 that does not have a high school is not eligible to receive high school
40 space as prescribed by section 15-2011 and this section unless the unified
41 district qualifies for geographic factors prescribed by paragraph 3,
42 subdivision (b), item (ii) of this subsection.

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

5 6. If a school district leases a building to another entity, that
6 building shall be included in the school district's square footage
7 calculation for purposes of new construction pursuant to this section.

8 7. A school district shall qualify for monies from the new school
9 facilities fund for additional square footage in a fiscal year only if the
10 school facilities board has approved or revised its enrollment projection
11 under paragraph ~~3~~ 1 of this subsection on or before March 1 of the prior
12 fiscal year.

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

30 F. The school facilities board shall distribute the monies needed
31 for land for new schools so that land may be purchased at a price that is
32 less than or equal to fair market value and in advance of the construction
33 of the new school. If necessary, the school facilities board may
34 distribute monies for land to be leased for new schools if the duration of
35 the lease exceeds the life expectancy of the school facility by at least
36 fifty percent. A school district shall not use land purchased or
37 partially purchased with monies provided by the school facilities board
38 for a purpose other than a site for a school facility without obtaining
39 prior written approval from the school facilities board. A school
40 district shall not lease, sell or take any action that would diminish the
41 value of land purchased or partially purchased with monies provided by the
42 school facilities board without obtaining prior written approval from the
43 school facilities board. The proceeds derived through the sale of any
44 land purchased or partially purchased, or the sale of buildings funded or
45 partially funded, with monies provided by the school facilities board

1 shall be returned to the state fund from which it was appropriated and to
 2 any other participating entity on a proportional basis. Except as
 3 provided in section 15-342, paragraph 33, if a school district acquires
 4 real property by donation at an appropriate school site approved by the
 5 school facilities board, the school facilities board shall distribute an
 6 amount equal to twenty percent of the fair market value of the donated
 7 real property that can be used for academic purposes. The school district
 8 shall place the monies in the unrestricted capital outlay fund and
 9 increase the unrestricted capital budget limit by the amount of monies
 10 placed in the fund. Monies distributed under this subsection shall be
 11 distributed from the new school facilities fund. A school district that
 12 receives monies from the new school facilities fund for a donation of land
 13 pursuant to section 15-342, paragraph 33 shall not receive monies from the
 14 school facilities board for the donation of real property pursuant to this
 15 subsection. A school district shall not pay a consultant a percentage of
 16 the value of any of the following:

17 1. Donations of real property, services or cash from any of the
 18 following:

19 (a) Entities that have offered to provide construction services to
 20 the school district.

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

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

24 (d) Entities that develop land for residential use in that school
 25 district.

26 2. Monies received from the school facilities board on behalf of
 27 the school district.

28 3. Monies paid by the school facilities board on behalf of the
 29 school district.

30 G. In addition to distributions to school districts based on pupil
 31 growth projections, a school district may submit an application to the
 32 school facilities board for monies from the new school facilities fund if
 33 one or more school buildings have outlived their useful life. If the
 34 school facilities board determines that the school district needs to build
 35 a new school building for these reasons, the school facilities board shall
 36 remove the square footage computations that represent the building from
 37 the computation of the school district's total square footage for purposes
 38 of this section. If the square footage recomputation reflects that the
 39 school district no longer meets building adequacy standards, the school
 40 district qualifies for a distribution of monies from the new school
 41 construction formula in an amount determined pursuant to subsection D of
 42 this section. The school facilities board may only modify the base cost
 43 per square foot prescribed in this subsection under extraordinary
 44 circumstances for geographic factors or site conditions.

1 H. School districts that receive monies from the new school
2 facilities fund shall establish a district new school facilities fund and
3 shall use the monies in the district new school facilities fund only for
4 the purposes prescribed in this section. By October 15 of each year, each
5 school district shall report to the school facilities board the projects
6 funded at each school in the previous fiscal year with monies from the
7 district new school facilities fund and shall provide an accounting of the
8 monies remaining in the new school facilities fund at the end of the
9 previous fiscal year.

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

18 J. The board's consideration of any application filed after
19 December 31 of the year in which the property becomes territory in the
20 vicinity of a military airport or ancillary military facility as defined
21 in section 28-8461 for monies to fund the construction of new school
22 facilities proposed to be located in territory in the vicinity of a
23 military airport or ancillary military facility shall include, if after
24 notice is transmitted to the military airport pursuant to section 15-2002
25 and before the public hearing the military airport provides comments and
26 an analysis concerning compatibility of the proposed school facilities
27 with the high noise or accident potential generated by military airport or
28 ancillary military facility operations that may have an adverse effect on
29 public health and safety, consideration and AN analysis of the comments
30 and AN analysis provided by the military airport before making a final
31 determination.

32 K. If a school district uses its own project manager for new school
33 construction, the members of the school district governing board and the
34 project manager shall sign an affidavit stating that the members and the
35 project manager understand and will follow the minimum adequacy
36 requirements prescribed in section 15-2011.

37 L. The school facilities board shall establish a separate account
38 in the new school facilities fund designated as the litigation account to
39 pay attorney fees, expert witness fees and other costs associated with
40 litigation in which the school facilities board pursues the recovery of
41 damages for deficiencies correction that resulted from alleged
42 construction defects or design defects that the school facilities board
43 believes caused or contributed to a failure of the school building to
44 conform to the building adequacy requirements prescribed in section
45 15-2011. Attorney fees paid pursuant to this subsection shall not exceed

1 the market rate for similar types of litigation. On or before December 1
2 of each year, the school facilities board shall report to the joint
3 committee on capital review the costs associated with current and
4 potential litigation that may be paid from the litigation account.

5 M. Until the state board of education and the auditor general adopt
6 rules pursuant to section 15-213, subsection ~~I~~ J, the school facilities
7 board may allow school districts to contract for construction services and
8 materials through the qualified select bidders list method of project
9 delivery for new school facilities pursuant to this section.

10 N. The school facilities board shall submit electronically a report
11 on project management services and preconstruction services to the
12 governor, the president of the senate and the speaker of the house of
13 representatives by December 31 of each year. The report shall compare
14 projects that use project management and preconstruction services with
15 those that do not. The report shall address cost, schedule and other
16 measurable components of a construction project. School districts,
17 ~~construction manager at risk~~ CONSTRUCTION-MANAGER-AT-RISK firms and
18 project management firms that participate in a school facilities board
19 funded project shall provide the information required by the school
20 facilities board in relation to this report.

21 O. If a school district constructs new square footage according to
22 section 15-342, paragraph 33, the school facilities board shall review the
23 design plans and location of any new school facility submitted by school
24 districts and another party to determine whether the design plans comply
25 with the adequacy standards prescribed in section 15-2011 and the square
26 footage per pupil requirements pursuant to subsection D, paragraph 3,
27 subdivision (b) of this section. When the school district qualifies for a
28 distribution of monies from the new school facilities fund according to
29 this section, the school facilities board shall distribute monies to the
30 school district from the new school facilities fund for the square footage
31 constructed under section 15-342, paragraph 33 at the same cost per square
32 foot established by this section that was in effect at the time of the
33 beginning of the construction of the school facility. Before the school
34 facilities board distributes any monies pursuant to this subsection, the
35 school district shall demonstrate to the school facilities board that the
36 facilities to be funded pursuant to this section meet the minimum adequacy
37 standards prescribed in section 15-2011. The agreement entered into
38 pursuant to section 15-342, paragraph 33 shall set forth the procedures
39 for the allocation of these funds to the parties that participated in the
40 agreement.

41 P. Accommodation schools are not eligible for monies from the new
42 school facilities fund.

43 Q. If the school facilities board approves a school district for
44 funding from the new school facilities fund and the full legislative
45 appropriation is not available to the school district in the fiscal year

1 following the approval by the school facilities board, the school district
2 may use any legally available monies to pay for the land or the new
3 construction project approved by the school facilities board and may
4 reimburse the fund from which the monies were used in subsequent years
5 with legislative appropriations when those appropriations are made
6 available by this state.

7 Sec. 17. Section 41-1279.03, Arizona Revised Statutes, is amended
8 to read:

9 41-1279.03. Powers and duties

10 A. The auditor general shall:

11 1. Prepare an audit plan for approval by the committee and report
12 to the committee the results of each audit and investigation and other
13 reviews conducted by the auditor general.

14 2. Conduct or cause to be conducted at least biennial financial and
15 compliance audits of financial transactions and accounts kept by or for
16 all state agencies subject to the single audit act of 1984 (P.L. 98-502).
17 The audits shall be conducted in accordance with generally accepted
18 governmental auditing standards and accordingly shall include tests of the
19 accounting records and other auditing procedures as may be considered
20 necessary in the circumstances. The audits shall include the issuance of
21 suitable reports as required by the single audit act of 1984 (P.L. 98-502)
22 so THAT the legislature, THE federal government and others will be
23 informed as to the adequacy of financial statements of the state in
24 compliance with generally accepted governmental accounting principles and
25 to determine whether the state has complied with laws and regulations that
26 may have a material effect on the financial statements and on major
27 federal assistance programs.

28 3. Perform procedural reviews for all state agencies at times
29 determined by the auditor general. These reviews may include evaluation
30 of administrative and accounting internal controls and reports on these
31 reviews.

32 4. Perform special research requests, special audits and related
33 assignments as designated by the committee and conduct performance audits,
34 special audits, special research requests and investigations of any state
35 agency, whether created by the constitution or otherwise, as may be
36 requested by the committee.

37 5. Annually on or before the fourth Monday of December, prepare a
38 written report to the governor and to the committee that contains a
39 summary of activities for the previous fiscal year.

40 6. In the tenth year and in each fifth year thereafter in which a
41 transportation excise tax is in effect in a county as provided in section
42 42-6106 or 42-6107, conduct a performance audit that:

43 (a) Reviews past expenditures and future planned expenditures of
44 the transportation excise revenues and determines the impact of the
45 expenditures in solving transportation problems within the county and, for

1 a transportation excise tax in effect in a county as provided in section
2 42-6107, determines whether the expenditures of the transportation excise
3 revenues comply with section 28-6392, subsection B.

4 (b) Reviews projects completed to date and projects to be completed
5 during the remaining years in which a transportation excise tax is in
6 effect. Within six months after each review period, the auditor general
7 shall present a report to the speaker of the house of representatives and
8 the president of the senate detailing findings and making recommendations.

9 (c) Reviews, determines, reports and makes recommendations to the
10 speaker of the house of representatives and the president of the senate
11 whether the distribution of highway user revenues complies with title 28,
12 chapter 18, article 2.

13 7. If requested by the committee, conduct performance audits of
14 counties and incorporated cities and towns receiving highway user revenue
15 fund monies pursuant to title 28, chapter 18, article 2 to determine if
16 the monies are being spent as provided in section 28-6533, subsection B.

17 8. Perform special audits designated pursuant to law if the auditor
18 general determines that there are adequate monies appropriated for the
19 auditor general to complete the audit. If the auditor general determines
20 the appropriated monies are inadequate, the auditor general shall notify
21 the committee.

22 9. Establish a ~~school-wide~~ SCHOOLWIDE audit team in the office of
23 the auditor general to conduct performance audits and monitor school
24 districts to determine the percentage of every dollar spent in the
25 classroom by ~~a~~ THE school district. EACH SCHOOL DISTRICT SHALL
26 PROMINENTLY POST ON ITS WEBSITE HOME PAGE A COPY OF ITS PROFILE PAGES THAT
27 DISPLAYS THE PERCENTAGE OF EVERY DOLLAR SPENT IN THE CLASSROOM BY THAT
28 SCHOOL DISTRICT FROM THE MOST RECENT STATUS REPORT ISSUED BY THE AUDITOR
29 GENERAL PURSUANT TO THIS PARAGRAPH. The performance audits shall
30 determine whether school districts that receive monies from the Arizona
31 structured English immersion fund established by section 15-756.04 and the
32 statewide compensatory instruction fund established by section 15-756.11
33 are in compliance with title 15, chapter 7, article 3.1. The auditor
34 general shall determine, through random selection, the school districts to
35 be audited each year, subject to review by the joint legislative audit
36 committee. A school district that is subject to an audit pursuant to this
37 paragraph shall notify the auditor general in writing as to whether the
38 school district agrees or disagrees with the findings and recommendations
39 of the audit and whether the school district will implement the findings
40 and recommendations, implement modifications to the findings and
41 recommendations or refuse to implement the findings and recommendations.
42 The school district shall submit to the auditor general a written status
43 report on the implementation of the audit findings and recommendations
44 every six months for two years after an audit conducted pursuant to this
45 paragraph. The auditor general shall review the school district's

1 progress toward implementing the findings and recommendations of the audit
2 every six months after receipt of the district's status report for two
3 years. The auditor general may review a school district's progress beyond
4 this two-year period for recommendations that have not yet been
5 implemented by the school district. The auditor general shall provide a
6 status report of these reviews to the joint legislative audit committee.
7 The school district shall participate in any hearing scheduled during this
8 review period by the joint legislative audit committee or by any other
9 legislative committee designated by the joint legislative audit committee.

10 10. Annually review per diem compensation and reimbursement of
11 expenses for employees of the state and members of a state board,
12 commission, council or advisory committee by judgmentally selecting
13 samples and evaluating the propriety of per diem compensation and expense
14 reimbursements.

15 B. The auditor general may:

16 1. Subject to approval by the committee, adopt rules necessary to
17 administer the duties of the office.

18 2. Hire consultants to conduct the studies required by subsection
19 A, paragraphs 6 and 7 of this section.

20 C. If approved by the committee, the auditor general may charge a
21 reasonable fee for the cost of performing audits or providing accounting
22 services for auditing federal funds, special audits or special services
23 requested by political subdivisions of the state. Monies collected
24 pursuant to this subsection shall be deposited in the audit services
25 revolving fund.

26 D. The department of transportation, the board of supervisors of a
27 county that has approved a county transportation excise tax as provided in
28 section 42-6106 or 42-6107 and the governing bodies of counties, cities
29 and towns receiving highway user revenue fund monies shall cooperate with
30 and provide necessary information to the auditor general or the auditor
31 general's consultant.

32 E. The department of transportation shall reimburse the auditor
33 general as follows, and the auditor general shall deposit the reimbursed
34 monies in the audit services revolving fund:

35 1. For the cost of conducting the studies or hiring a consultant to
36 conduct the studies required by subsection A, paragraph 6, subdivisions
37 (a) and (b) of this section, from monies collected pursuant to a county
38 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

39 2. For the cost of conducting the studies or hiring a consultant
40 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
41 this section, from the Arizona highway user revenue fund.

42 Sec. 18. Repeal

43 Section 41-3018.19, Arizona Revised Statutes, is repealed.

1 Sec. 19. Title 41, chapter 27, article 2, Arizona Revised Statutes,
2 is amended by adding section 41-3022.18, to read:

3 41-3022.18. School facilities board; termination July 1, 2022

4 A. THE SCHOOL FACILITIES BOARD TERMINATES ON JULY 1, 2022.

5 B. TITLE 15, CHAPTER 16, ARTICLES 1, 2, 3, 4, 5, 6, 7, 8 AND 9 AND
6 THIS SECTION ARE REPEALED ON JANUARY 1, 2023 ONLY IF EITHER:

7 1. THE BOARD HAS NO OUTSTANDING STATE SCHOOL FACILITIES REVENUE
8 BONDS ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 6, NO OUTSTANDING
9 STATE SCHOOL IMPROVEMENT REVENUE BONDS ISSUED PURSUANT TO TITLE 15,
10 CHAPTER 16, ARTICLE 7 AND NO OUTSTANDING LEASE-TO-OWN TRANSACTIONS
11 PURSUANT TO SECTIONS 15-2004, 15-2005 AND 15-2006.

12 2. THE LEGISLATURE HAS OTHERWISE PROVIDED FOR PAYING OR RETIRING
13 ANY OUTSTANDING STATE SCHOOL FACILITIES REVENUE BONDS, ANY OUTSTANDING
14 STATE SCHOOL IMPROVEMENT REVENUE BONDS AND ANY OUTSTANDING LEASE-TO-OWN
15 TRANSACTIONS.

16 C. IF NEITHER OF THE CONDITIONS IN SUBSECTION B OF THIS SECTION
17 HAVE OCCURRED ON OR BEFORE JANUARY 1, 2023, TITLE 15, CHAPTER 16, ARTICLES
18 1, 2, 3, 4, 5, 6, 7, 8 AND 9 AND THIS SECTION ARE REPEALED THIRTY DAYS
19 AFTER THE RETIREMENT OF ALL REVENUE BONDS ISSUED PURSUANT TO TITLE 15,
20 CHAPTER 16, ARTICLES 6 AND 7 AND ANY OUTSTANDING LEASE-TO-OWN TRANSACTIONS
21 ISSUED PURSUANT TO SECTIONS 15-2004, 15-2005 AND 15-2006.

22 Sec. 20. Laws 2017, chapter 304, section 9 is amended to read:

23 Sec. 9. Pilot program on school emergency readiness; report;
24 delayed repeal

25 A. The ~~\$3,646,500~~ \$4,145,600 state general fund appropriation to
26 the department of education for the school safety program for fiscal year
27 ~~2017-2018~~ 2018-2019 in the general appropriations act includes \$100,000
28 for a pilot program on school emergency readiness.

29 B. On or before September 30, ~~2017~~ 2018, school districts that wish
30 to participate in the pilot program shall submit applications to the
31 department of education.

32 C. On or before November 30, ~~2017~~ 2018, the department of education
33 shall select three school districts to participate in the pilot program.
34 The selected school districts shall collectively consist of not more than
35 thirty-one individual school sites and shall include:

36 1. One school district that is located in a county with a
37 population of eight hundred thousand persons or more according to the 2010
38 United States decennial census.

39 2. One school district that is located in a county with a
40 population of one hundred thousand persons or more but less than eight
41 hundred thousand persons according to the 2010 United States decennial
42 census.

43 3. One school district that is located in a county with a
44 population of less than one hundred thousand persons according to the 2010
45 United States decennial census.

1 D. School districts that are selected to participate in the pilot
2 program shall be provided and use a readiness and emergency management
3 program that incorporates the following:

4 1. Education-specific emergency management software. All plans and
5 critical emergency readiness information, including contacts, floor plans
6 and critical equipment photos and locations, shall be accessible online
7 and off-line via mobile device applications. The software used in the
8 pilot program shall comply with the national emergency management
9 information system adopted by the federal emergency management agency.

10 2. The training of teachers and administrators in the readiness and
11 emergency management program.

12 3. The development, implementation and maintenance of a
13 comprehensive crisis plan for participating school districts and the
14 districts' teachers and administrators.

15 E. On or before November 1, ~~2018~~ 2019, the department of education
16 shall submit to the governor, the president of the senate and the speaker
17 of the house of representatives a report that summarizes the results of
18 the pilot program. The department of education shall provide a copy of
19 the report to the secretary of state.

20 F. This section is repealed from and after December 31, ~~2018~~ 2019.

21 Sec. 21. Purpose

22 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
23 the legislature continues the school facilities board to evaluate the
24 capital needs of school districts and to distribute monies to school
25 districts to cure existing deficiencies and to provide for building
26 renewal and the construction of new facilities.

27 Sec. 22. E-rate broadband special construction project
28 matching fund program; remaining monies; eligible
29 applicants

30 Notwithstanding any other law, the corporation commission shall make
31 available to eligible applicants as currently defined by rule any
32 remaining monies currently collected for the e-rate broadband special
33 construction project matching fund program after the 2018 e-rate
34 procurement cycle.

35 Sec. 23. New school facilities fund; distribution; fiscal
36 year 2018-2019

37 Notwithstanding section 15-2041, Arizona Revised Statutes, as
38 amended by this act, the school facilities board may distribute to a
39 school district in fiscal year 2018-2019 the amount of \$825,000 from the
40 new school facilities fund established by section 15-2041, Arizona Revised
41 Statutes, as amended by this act, for new school construction if the
42 school district meets all of the following:

43 1. Is located in a county with a population of one hundred thousand
44 persons or more but less than two hundred thousand persons.

1 B. For fiscal years 2018-2019 through 2021-2022, the department of
2 education shall reduce district additional assistance for a school
3 district that is not eligible to receive basic state aid funding by the
4 amount that the school district's district additional assistance would be
5 reduced pursuant to subsection A of this section if the school district
6 were eligible to receive basic state aid funding and shall reduce the
7 school district's budget limits accordingly.

8 C. School districts with a student count of fewer than one thousand
9 one hundred pupils are exempt from subsections A and B of this section.

10 D. It is the intent of the governor and the legislature that school
11 districts increase the total percentage of classroom spending over the
12 previous year's percentages in the combined categories of instruction,
13 student support and instructional support as prescribed by the auditor
14 general.

15 Sec. 28. Additional assistance funding for charter schools:
16 reductions for fiscal years 2017-2018 through
17 2021-2022

18 For fiscal years 2018-2019 through 2021-2022, the department of
19 education shall reduce by the amounts specified in paragraphs 1 through 4
20 of this section the amount of charter additional assistance funding that
21 otherwise would be apportioned to charter schools statewide pursuant to
22 section 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as
23 amended by this act. The funding reduction required for a fiscal year
24 under this section shall be made on a proportional basis based on the
25 charter additional assistance funding that each charter school in this
26 state would have received for the fiscal year without the prescribed
27 reduction. The amount of reduction is:

- 28 1. For fiscal year 2018-2019, \$13,628,800.
- 29 2. For fiscal year 2019-2020, \$10,221,600.
- 30 3. For fiscal year 2020-2021, \$6,814,400.
- 31 4. For fiscal year 2021-2022, \$3,407,200.

32 Sec. 29. General budget limit increase; minimum qualifying
33 tax rate district; fiscal year 2018-2019

34 The general budget limit for a school district that in fiscal year
35 2018-2018 was subject to the additional tax in districts ineligible for
36 equalization assistance pursuant to section 15-992, Arizona Revised
37 Statutes, and that in fiscal year 2016-2017 had a total attending average
38 daily membership count of at least five thousand pupils according to the
39 annual report of the superintendent of public instruction for fiscal year
40 2016-2017 shall be increased by \$1,500,000 in fiscal year 2018-2019 above
41 the amounts that otherwise would be computed pursuant to section 15-947,
42 Arizona Revised Statutes.

1 Sec. 30. Auditor general; special audit; school facilities
2 board; building renewal grant fund expenditures;
3 delayed repeal

4 A. The auditor general shall complete a special audit pursuant to
5 section 41-1279.03, Arizona Revised Statutes, of the school facilities
6 board building renewal grant fund expenditures for the period of July 1,
7 2016 through June 30, 2018. The special audit shall include a review of
8 applicable records of the school facilities board, school districts and
9 county school superintendents and any other necessary information to:

10 1. Assess the building renewal grant process, including reviewing
11 grant applications, requests for and distribution of monies, grant
12 closeout forms and the proposed scopes of work, including school district,
13 school facilities board and vendor participation and roles in developing
14 these proposed scopes of work.

15 2. Assess the vendor selection, procurement, contracting and
16 oversight processes for projects funded by the building renewal grant
17 fund.

18 3. Provide building renewal grant program details, including the
19 number of project requests and awards, number and types of districts and
20 schools receiving awards, types of projects, total grant monies awarded
21 and number and types of vendors performing projects funded with building
22 renewal grant fund monies.

23 4. Audit work in any other areas deemed necessary by the auditor
24 general.

25 5. Recommend improvements, as appropriate, for the processes listed
26 in this subsection.

27 B. The school facilities board, school districts and county school
28 superintendents shall cooperate with and provide information and records
29 to the auditor general to facilitate the completion of the special audit.

30 C. On or before June 30, 2019, the auditor general shall submit
31 copies of the special audit to the president of the senate, the speaker of
32 the house of representatives, the joint legislative budget committee and
33 the governor's office of strategic planning and budgeting. The auditor
34 general shall provide a copy of the special audit to the secretary of
35 state.

36 D. This section is repealed from and after December 31, 2019.

37 Sec. 31. Retroactivity

38 Section 41-3018.19, Arizona Revised Statutes, as repealed by this
39 act, and section 41-3022.18, Arizona Revised Statutes, as added by this
40 act, are effective retroactively to from and after July 1, 2018.