

REFERENCE TITLE: school funding; inflation adjustments

State of Arizona
House of Representatives
Fifty-fourth Legislature
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2019

HB 2649

Introduced by
Representatives Pawlik: Blanc, Bolding, DeGrazia, Espinoza, Friese,
Hernandez A, Jermaine, Lieberman, Meza, Peten, Rodriguez, Salman, Teller,
Terán, Senator Alston

AN ACT

AMENDING SECTIONS 15-185 AND 15-961, ARIZONA REVISED STATUTES; RELATING TO
SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; civil penalties;
5 transportation; definition

6 A. A school district is not financially responsible for any charter
7 school that is sponsored by the state board of education, the state board
8 for charter schools, a university under the jurisdiction of the Arizona
9 board of regents, a community college district or a group of community
10 college districts.

11 B. Financial provisions for a charter school that is sponsored by
12 the state board of education, the state board for charter schools, a
13 university, a community college district or a group of community college
14 districts are as follows:

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

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

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

26 (i) The organizational structure or management agreement of the
27 charter holder requires the charter holder or charter school to contract
28 with a specific management company.

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

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

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

34 (c) Notwithstanding subdivision (b) of this paragraph, for fiscal
35 years 2015-2016 and 2016-2017 the department of education shall reduce by
36 thirty-three percent the amount provided by the small school weight for
37 charter schools prescribed in subdivision (b) of this paragraph.

38 2. Notwithstanding paragraph 1 of this subsection, the student
39 count shall be determined initially using an estimated student count based
40 on actual registration of pupils before the beginning of the school year.
41 Notwithstanding section 15-1042, subsection F, student level data
42 submitted to the department may be used to determine estimated student
43 counts. After the first forty days, one hundred days or two hundred days
44 in session, as applicable, the charter school shall revise the student
45 count to be equal to the actual average daily membership, as defined in

1 section 15-901, of the charter school. Before the fortieth day, one
2 hundredth day or two hundredth day in session, as applicable, the state
3 board of education, the state board for charter schools, the sponsoring
4 university, the sponsoring community college district or the sponsoring
5 group of community college districts may require a charter school to
6 report periodically regarding pupil enrollment and attendance, and the
7 department of education may revise its computation of equalization
8 assistance based on the report. A charter school shall revise its student
9 count, base support level and charter additional assistance before May 15.
10 A charter school that overestimated its student count shall revise its
11 budget before May 15. A charter school that underestimated its student
12 count may revise its budget before May 15.

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

16 4. Equalization assistance for the charter school shall be
17 determined by adding the amount of the base support level and charter
18 additional assistance. The amount of the charter additional assistance is
19 ~~one thousand eight hundred seven dollars~~ **\$1,807** per student count in
20 preschool programs for children with disabilities, kindergarten programs
21 and grades one through eight and ~~two thousand one hundred six dollars~~
22 ~~three cents~~ **\$2,106.03** per student count in grades nine through twelve.
23 **BEGINNING IN FISCAL YEAR 2019-2020, THE LEGISLATURE SHALL INCREASE THE**
24 **AMOUNT OF THE CHARTER ADDITIONAL ASSISTANCE BY AT LEAST TWO PERCENT. FOR**
25 **FISCAL YEAR 2020-2021 AND EACH FISCAL YEAR THEREAFTER, THE LEGISLATURE**
26 **SHALL INCREASE THE AMOUNT OF THE CHARTER ADDITIONAL ASSISTANCE BY A**
27 **MINIMUM GROWTH RATE OF EITHER TWO PERCENT OR THE CHANGE IN THE GDP PRICE**
28 **DEFLATOR, AS DEFINED IN SECTION 41-563, FROM THE SECOND PRECEDING CALENDAR**
29 **YEAR TO THE CALENDAR YEAR IMMEDIATELY PRECEDING THE BUDGET YEAR, WHICHEVER**
30 **IS LESS, EXCEPT THAT THE AMOUNT OF THE CHARTER ADDITIONAL ASSISTANCE MAY**
31 **NOT BE REDUCED BELOW THE BASE LEVEL ESTABLISHED FOR FISCAL YEAR 2019-2020.**

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

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

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

1 administration, which shall draw its warrant in favor of the charter
2 schools for the amount apportioned.

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

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

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

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

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

1 assistance received in the current year for those pupils who were enrolled
2 in the traditional public school in the prior year and are now enrolled in
3 the charter school in the current year.

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

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

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

31 I. In addition to the withholding of state aid payments pursuant to
32 subsection H of this section, the sponsor of a charter school may impose a
33 civil penalty of ~~one thousand dollars~~ \$1,000 per occurrence if a charter
34 school fails to comply with the fingerprinting requirements prescribed in
35 section 15-183, subsection C or section 15-512. The sponsor of a charter
36 school shall not impose a civil penalty if it is the first time ~~that a~~ THE
37 charter school is out of compliance with the fingerprinting requirements
38 and if the charter school provides proof within forty-eight hours of
39 written notification that an application for the appropriate fingerprint
40 check has been received by the department of public safety. The sponsor
41 of the charter school shall obtain proof that the charter school has been
42 notified, and the notification shall identify the date of the deadline and
43 shall be signed by both parties. The sponsor of a charter school shall
44 automatically impose a civil penalty of ~~one thousand dollars~~ \$1,000 per
45 occurrence if the sponsor determines that the charter school subsequently

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

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

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

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

26 M. The governing body of a charter school shall transmit a copy of
27 its proposed budget or the summary of the proposed budget and a notice of
28 the public hearing to the department of education for posting on the
29 department of education's website ~~no~~ NOT later than ten days before the
30 hearing and meeting. If the charter school maintains a website, the
31 charter school governing body shall post on its website a copy of its
32 proposed budget or the summary of the proposed budget and a notice of the
33 public hearing.

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

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

42 P. For the purposes of this section, "monies intended for the basic
43 maintenance and operations of the school" means monies intended to provide
44 support for the educational program of the school, except that it does not
45 include supplemental assistance for a specific purpose or title VIII of

1 the elementary and secondary education act of 1965 monies. The auditor
2 general shall determine which federal or state monies meet this
3 definition.

4 Sec. 2. Section 15-961, Arizona Revised Statutes, is amended to
5 read:

6 15-961. District additional assistance; growth rate

7 A. District additional assistance per student count is established
8 as follows:

9 1. For school districts with a student count of less than one
10 hundred for kindergarten programs and grades one through eight, ~~five~~
11 ~~hundred forty-four dollars fifty-eight cents~~ \$544.58. For school
12 districts with a student count of one hundred or more and less than six
13 hundred for kindergarten programs and grades one through eight, multiply
14 ~~three hundred eighty-nine dollars twenty-five cents~~ \$389.25 by the weight
15 that corresponds to the student count for kindergarten programs and grades
16 one through eight for the school district as provided in section 15-943,
17 paragraph 1, subdivision (a), column 3. For a school district with a
18 student count of six hundred or more in kindergarten programs and grades
19 one through eight, the limit is ~~four hundred fifty dollars seventy-six~~
20 ~~cents~~ \$450.76.

21 2. For school districts with a student count of less than one
22 hundred for grades nine through twelve, ~~six hundred one dollars~~
23 ~~twenty-four cents~~ \$601.24. For school districts with a student count of
24 one hundred or more and less than six hundred for grades nine through
25 twelve, multiply ~~four hundred five dollars fifty-nine cents~~ \$405.59 by the
26 weight that corresponds to the student count for grades nine through
27 twelve for the school district as provided in section 15-943, paragraph 1,
28 subdivision (b), column 3. For a school district with a student count of
29 six hundred or more in grades nine through twelve, the limit is ~~four~~
30 ~~hundred ninety-two dollars ninety-four cents~~ \$492.94.

31 3. For programs for preschool children with disabilities, ~~four~~
32 ~~hundred fifty dollars seventy-six cents~~ \$450.76.

33 B. District additional assistance for a school district shall be
34 computed as follows:

35 1. Select the applicable district additional assistance per student
36 count for the school district.

37 2. Multiply the amount or amounts selected in paragraph 1 of this
38 subsection by the appropriate student count of the school district.

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

44 C. An amount for the purchase of required textbooks and related
45 printed subject matter materials shall be used to increase the district

1 additional assistance for a school district as determined in subsection B,
2 paragraph 2 or 3 of this section, whichever is applicable. This amount
3 shall equal the student count in grades nine through twelve multiplied by
4 ~~sixty-nine dollars sixty-eight cents~~ \$69.68.

5 D. BEGINNING IN FISCAL YEAR 2019-2020, THE LEGISLATURE SHALL
6 INCREASE THE AMOUNT OF THE DISTRICT ADDITIONAL ASSISTANCE BY AT LEAST TWO
7 PERCENT. FOR FISCAL YEAR 2020-2021 AND EACH FISCAL YEAR THEREAFTER, THE
8 LEGISLATURE SHALL INCREASE THE AMOUNT OF THE DISTRICT ADDITIONAL
9 ASSISTANCE BY A MINIMUM GROWTH RATE OF EITHER TWO PERCENT OR THE CHANGE IN
10 THE GDP PRICE DEFLATOR, AS DEFINED IN SECTION 41-563, FROM THE SECOND
11 PRECEDING CALENDAR YEAR TO THE CALENDAR YEAR IMMEDIATELY PRECEDING THE
12 BUDGET YEAR, WHICHEVER IS LESS, EXCEPT THAT THE AMOUNT OF THE DISTRICT
13 ADDITIONAL ASSISTANCE MAY NOT BE REDUCED BELOW THE BASE LEVEL ESTABLISHED
14 FOR FISCAL YEAR 2019-2020.