

State of Arizona  
Senate  
Fifty-fourth Legislature  
Second Regular Session  
2020

# SENATE BILL 1685

## AN ACT

AMENDING SECTIONS 15-185, 15-901, 15-945, 41-1276 AND 42-5029.02, ARIZONA REVISED STATUTES; AMENDING LAWS 2018, CHAPTER 285, SECTION 27, AS AMENDED BY LAWS 2019, CHAPTER 265, SECTION 20; AMENDING LAWS 2018, CHAPTER 285, SECTION 28, AS AMENDED BY LAWS 2019, CHAPTER 265, SECTION 21; 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 15-185, 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 holds one charter for one or more  
20 school sites and the average daily membership for the school sites are  
21 combined for the calculation of the small school weight. The small school  
22 weight shall not be applied individually to a charter holder if one or  
23 more of the following conditions exist and the combined average daily  
24 membership derived from the following conditions is greater than six  
25 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 use section 15-855 for the purposes of this  
 14 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 ~~\$1,843.14~~ \$1,875.21 per student count in preschool programs for children  
 20 with disabilities, kindergarten programs and grades one through eight and  
 21 ~~\$2,148.15~~ \$2,185.53 per student count in grades nine through twelve.

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

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

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

37 C. If a pupil is enrolled in both a charter school and a public  
 38 school that is not a charter school, the sum of the daily membership,  
 39 which includes enrollment as prescribed in section 15-901, subsection A,  
 40 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed  
 41 in section 15-901, subsection A, paragraph 5, for that pupil in the school  
 42 district and the charter school shall not exceed 1.0. If a pupil is  
 43 enrolled in both a charter school and a public school that is not a  
 44 charter school, the department of education shall direct the average daily  
 45 membership to the school with the most recent enrollment date. On

validation of actual enrollment in both a charter school and a public school that is not a charter school and if the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in attendance in the public school and the charter school. The uniform system of financial records shall include guidelines to apportion the pupil enrollment and attendance as provided in this section.

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

1. Equalization assistance shall not be less than zero.

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

E. If a charter school was a district public school in the prior year and sponsored by the state board of education, the state board for charter schools, a university, a community college district or a group of community college districts, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school shall equal the sum of the base support level and the charter additional assistance received in the current year for those pupils who were enrolled in the traditional public school in the prior year and are now enrolled in the charter school in the current year.

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

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

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

19           I. In addition to the withholding of state aid payments pursuant to  
20 subsection H of this section, the sponsor of a charter school may impose a  
21 civil penalty of \$1,000 per occurrence if a charter school fails to comply  
22 with the fingerprinting requirements prescribed in section 15-183,  
23 subsection C or section 15-512. The sponsor of a charter school shall not  
24 impose a civil penalty if it is the first time the charter school is out  
25 of compliance with the fingerprinting requirements and if the charter  
26 school provides proof within forty-eight hours of written notification  
27 that an application for the appropriate fingerprint check has been  
28 received by the department of public safety. The sponsor of the charter  
29 school shall obtain proof that the charter school has been notified, and  
30 the notification shall identify the date of the deadline and shall be  
31 signed by both parties. The sponsor of a charter school shall  
32 automatically impose a civil penalty of \$1,000 per occurrence if the  
33 sponsor determines that the charter school subsequently violates the  
34 fingerprinting requirements. Civil penalties pursuant to this subsection  
35 shall be assessed by requesting the department of education to reduce the  
36 amount of state aid that the charter school would otherwise receive by an  
37 amount equal to the civil penalty. The amount of state aid withheld shall  
38 revert to the state general fund at the end of the fiscal year.

39           J. A charter school may receive and spend monies distributed by the  
40 department of education pursuant to section 42-5029, subsection E, section  
41 42-5029.02, subsection A and section 37-521, subsection B.

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

1 charter school if requested by the parent of the pupil and if the distance  
2 from the pupil's place of actual residence within the school district to  
3 the charter school is less than the distance from the pupil's place of  
4 actual residence within the school district to the campus of the Arizona  
5 state schools for the deaf and the blind.

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

13 M. The governing body of a charter school shall transmit a copy of  
14 its proposed budget or the summary of the proposed budget and a notice of  
15 the public hearing to the department of education for posting on the  
16 department of education's website not later than ten days before the  
17 hearing and meeting. If the charter school maintains a website, the  
18 charter school governing body shall post on its website a copy of its  
19 proposed budget or the summary of the proposed budget and a notice of the  
20 public hearing.

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

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

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

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

38 15-901. Definitions

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

40 1. "Average daily membership" means the total enrollment of  
41 fractional students and full-time students, minus withdrawals, of each  
42 school day through the first one hundred days or two hundred days in  
43 session, as applicable, for the current year. Withdrawals include  
44 students who are formally withdrawn from schools and students who are  
45 absent for ten consecutive school days, except for excused absences

1 identified by the department of education. For the purposes of this  
2 section, school districts and charter schools shall report student absence  
3 data to the department of education at least once every sixty days in  
4 session. For computation purposes, the effective date of withdrawal shall  
5 be retroactive to the last day of actual attendance of the student or  
6 excused absence.

7 (a) "Fractional student" means:

8 (i) For common schools, a preschool child who is enrolled in a  
9 program for preschool children with disabilities of at least three hundred  
10 sixty minutes each week that meets at least two hundred sixteen hours over  
11 the minimum number of days or a kindergarten student who is at least five  
12 years of age before January 1 of the school year and enrolled in a school  
13 kindergarten program that meets at least three hundred fifty-six hours for  
14 a one hundred eighty-day school year, or the instructional hours  
15 prescribed in this section. In computing the average daily membership,  
16 preschool children with disabilities and kindergarten students shall be  
17 counted as one-half of a full-time student. For common schools, a  
18 part-time student is a student enrolled for less than the total time for a  
19 full-time student as defined in this section. A part-time common school  
20 student shall be counted as one-fourth, one-half or three-fourths of a  
21 full-time student if the student is enrolled in an instructional program  
22 that is at least one-fourth, one-half or three-fourths of the time a  
23 full-time student is enrolled as defined in subdivision (b) of this  
24 paragraph. The hours in which a student is scheduled to attend a common  
25 school during the regular school day shall be included in the calculation  
26 of the average daily membership for that student.

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

1 shall be included in the calculation of the average daily membership for  
2 that student.

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

4 (i) For common schools, a student who is at least six years of age  
5 before January 1 of a school year, who has not graduated from the highest  
6 grade taught in the school district and who is regularly enrolled in a  
7 course of study required by the state board of education. First, second  
8 and third grade students or ungraded group B children with disabilities  
9 who are at least five, but under six, years of age by September 1 must be  
10 enrolled in an instructional program that meets for a total of at least  
11 seven hundred twelve hours for a one hundred eighty-day school year, or  
12 the instructional hours prescribed in this section. Fourth, fifth, sixth,  
13 seventh and eighth grade students must be enrolled in an instructional  
14 program that meets for a total of at least eight hundred ninety hours for  
15 a one hundred eighty-day school year, or the instructional hours  
16 prescribed in this section, including the equivalent number of  
17 instructional hours for schools that operate on a one hundred  
18 forty-four-day school year. The hours in which a student is scheduled to  
19 attend a common school during the regular school day shall be included in  
20 the calculation of the average daily membership for that student.

21 (ii) For high schools, a student who has not graduated from the  
22 highest grade taught in the school district and who is enrolled in at  
23 least an instructional program of four or more subjects that count toward  
24 graduation as defined by the state board of education, each of which, if  
25 taught each school day for the minimum number of days required in a school  
26 year, would meet a minimum of one hundred twenty-three hours a year, or  
27 the equivalent, that meets for a total of at least seven hundred twenty  
28 hours for a one hundred eighty-day school year, or the instructional hours  
29 prescribed in this section in a recognized high school. A full-time  
30 student shall not be counted more than once for computation of average  
31 daily membership. The average daily membership of a full-time high school  
32 student shall be 1.0 if the student is enrolled in at least four subjects  
33 that meet at least seven hundred twenty hours for a one hundred eighty-day  
34 school year, or the equivalent instructional hours prescribed in this  
35 section. The hours in which a student is scheduled to attend a high  
36 school during the regular school day shall be included in the calculation  
37 of the average daily membership for that student.

38 (iii) If a child who has not reached five years of age before  
39 September 1 of the current school year is admitted to kindergarten and  
40 repeats kindergarten in the following school year, a school district or  
41 charter school is not eligible to receive basic state aid on behalf of  
42 that child during the child's second year of kindergarten. If a child who  
43 has not reached five years of age before September 1 of the current school  
44 year is admitted to kindergarten but does not remain enrolled, a school  
45 district or charter school may receive a portion of basic state aid on

1 behalf of that child in the subsequent year. A school district or charter  
2 school may charge tuition for any child who is ineligible for basic state  
3 aid pursuant to this item.

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

7 (v) Except as otherwise provided by law, for any student who is  
8 concurrently enrolled in a school district and a charter school, the  
9 average daily membership shall be apportioned between the school district  
10 and the charter school and shall not exceed 1.0. The apportionment shall  
11 be based on the percentage of total time that the student is enrolled in  
12 or in attendance at the school district and the charter school.

13 (vi) Except as otherwise provided by law, for any student who is  
14 concurrently enrolled, pursuant to section 15-808, in a school district  
15 and Arizona online instruction or a charter school and Arizona online  
16 instruction, the average daily membership shall be apportioned between the  
17 school district and Arizona online instruction or the charter school and  
18 Arizona online instruction and shall not exceed 1.0. The apportionment  
19 shall be based on the percentage of total time that the student is  
20 enrolled in or in attendance at the school district and Arizona online  
21 instruction or the charter school and Arizona online instruction.

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

24 (c) "Regular school day" means the regularly scheduled class  
25 periods intended for instructional purposes. Instructional purposes may  
26 include core subjects, elective subjects, lunch, study halls, music  
27 instruction, and other classes that advance the academic instruction of  
28 pupils, except that instructional purposes shall not include athletic  
29 practices or extracurricular clubs and activities.

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

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

35 (a) Grades one through eight.

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

37 4. "Current year" means the fiscal year in which a school district  
38 is operating.

39 5. "Daily attendance" means:

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

41 (i) Of a kindergarten program or ungraded, but not group B children  
42 with disabilities, who is at least five, but under six, years of age by  
43 September 1 attends at least three-quarters of the instructional time  
44 scheduled for the day. If the total instruction time scheduled for the  
45 year is at least three hundred fifty-six hours but is less than seven

1 hundred twelve hours, such attendance shall be counted as one-half day of  
2 attendance. If the instructional time scheduled for the year is at least  
3 six hundred ninety-two hours, "daily attendance" means days in which a  
4 pupil attends at least one-half of the instructional time scheduled for  
5 the day. Such attendance shall be counted as one-half day of attendance.

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

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

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

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

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

22 (ii) If attendance for all pupils in the school is based on half  
23 days, the attendance of at least three-quarters of the instructional time  
24 scheduled for the day shall be counted as a full day's attendance and  
25 attendance at a minimum of one-half but less than three-quarters of the  
26 instructional time scheduled for the day equals one-half day of  
27 attendance.

28 (c) For common schools, the attendance of a preschool child with  
29 disabilities shall be counted as one-fourth day's attendance for each  
30 thirty-six minutes of attendance, except as provided in paragraph 1,  
31 subdivision (a), item (i) of this subsection for children with  
32 disabilities up to a maximum of three hundred sixty minutes each week.

33 (d) For high schools, the attendance of a pupil shall not be  
34 counted as a full day unless the pupil is actually and physically in  
35 attendance and enrolled in and carrying four subjects, each of which, if  
36 taught each school day for the minimum number of days required in a school  
37 year, would meet a minimum of one hundred twenty-three hours a year, or  
38 the equivalent, that count toward graduation in a recognized high school  
39 except as provided in section 15-797 and subdivision (e) of this  
40 paragraph. Attendance of a pupil carrying less than the load prescribed  
41 shall be prorated.

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

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

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

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

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

15 (b) The total number of miles driven daily on routes approved by  
16 the superintendent of public instruction for which a private party, a  
17 political subdivision or a common or a contract carrier is reimbursed for  
18 bringing an eligible student from the place of the student's residence to  
19 a school transportation pickup point or to the school of attendance and  
20 from the school transportation scheduled return point or from the school  
21 of attendance to the student's residence. Daily route mileage includes  
22 the total number of miles necessary to drive to transport eligible  
23 students from and to their residence as provided in this paragraph.

24 7. "District support level" means the base support level plus the  
25 transportation support level.

26 8. "Eligible students" means:

27 (a) Students who are transported by or for a school district and  
28 who qualify as full-time students or fractional students, except students  
29 for whom transportation is paid by another school district or a county  
30 school superintendent, and:

31 (i) For common school students, whose place of actual residence  
32 within the school district is more than one mile from the school facility  
33 of attendance or students who are admitted pursuant to section 15-816.01  
34 and who meet the economic eligibility requirements established under the  
35 national school lunch and child nutrition acts (42 United States Code  
36 sections 1751 through ~~1785~~ 1793) for free or reduced-price lunches and  
37 whose actual place of residence outside the school district boundaries is  
38 more than one mile from the school facility of attendance.

39 (ii) For high school students, whose place of actual residence  
40 within the school district is more than one and one-half miles from the  
41 school facility of attendance or students who are admitted pursuant to  
42 section 15-816.01 and who meet the economic eligibility requirements  
43 established under the national school lunch and child nutrition acts  
44 (42 United States Code sections 1751 through ~~1785~~ 1793) for free or  
45 reduced-price lunches and whose actual place of residence outside the

1 school district boundaries is more than one and one-half miles from the  
2 school facility of attendance.

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

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

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

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

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

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

26 12. "Revenue control limit" means the base revenue control limit  
27 plus the transportation revenue control limit.

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

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

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

36 16. "Total students transported" means all eligible students  
37 transported from their place of residence to a school transportation  
38 pickup point or to the school of attendance and from the school of  
39 attendance or from the school transportation scheduled return point to  
40 their place of residence.

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

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

2 1. "Base" means the revenue level per student count specified by  
3 the legislature.

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

11 ~~(a) For fiscal year 2017-2018, \$3,683.27.~~

12 ~~(b)~~ (a) For fiscal year 2018-2019, \$3,960.07.

13 ~~(c)~~ (b) For fiscal year 2019-2020, \$4,150.43.

14 (c) FOR FISCAL YEAR 2020-2021, \$4,305.73.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30       27. "Small school district" means a school district that meets all  
31 of the following:

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

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

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

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

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

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

Sec. 3. Section 15-945, Arizona Revised Statutes, is amended to read:

15-945. Transportation support level

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

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

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year <del>2019-2020</del> <u>2020-2021</u>
0.5 or less	<del>2.69</del> 2.74
More than 0.5 through 1.0	<del>2.20</del> 2.24
More than 1.0	<del>2.69</del> 2.74

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

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

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

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

1 F. School districts must provide the odometer reading for each bus  
2 as of the end of the current year and the total bus mileage during the  
3 current year.

4 Sec. 4. Section 41-1276, Arizona Revised Statutes, is amended to  
5 read:

6 41-1276. Truth in taxation levy for equalization assistance  
7 to school districts

8 A. On or before February 15 of each year, the joint legislative  
9 budget committee shall compute and transmit the truth in taxation rates  
10 for equalization assistance for school districts for the following fiscal  
11 year to:

12 1. The chairmen of the house of representatives ways and means  
13 committee and the senate finance committee, or their successor committees.

14 2. The chairmen of the appropriations committees of the senate and  
15 the house of representatives, or their successor committees.

16 B. The truth in taxation rates consist of the qualifying tax rate  
17 for a high school district or a common school district within a high  
18 school district that does not offer instruction in high school subjects  
19 pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax  
20 rate for a unified district, a common school district not within a high  
21 school district or a common school district within a high school district  
22 that offers instruction in high school subjects pursuant to section  
23 15-971, subsection B, paragraph 2 and a state equalization assistance  
24 property tax rate pursuant to section 15-994 that will offset the change  
25 in net assessed valuation of property that was subject to tax in the prior  
26 year.

27 C. The joint legislative budget committee shall compute the truth  
28 in taxation rates as follows:

29 1. Determine the statewide net assessed value for the preceding tax  
30 year as provided in section 42-17151, subsection A, paragraph 3.

31 2. Determine the statewide net assessed value for the current tax  
32 year, excluding the net assessed value of property that was not subject to  
33 tax in the preceding year.

34 3. Divide the amount determined in paragraph 1 of this subsection  
35 by the amount determined in paragraph 2 of this subsection.

36 4. Adjust the qualifying tax rates and the state equalization  
37 assistance property tax rate for the current fiscal year by the percentage  
38 determined in paragraph 3 of this subsection in order to offset the change  
39 in net assessed value.

40 D. Except as provided in subsections E and G of this section, the  
41 qualifying tax rate for a high school district or a common school district  
42 within a high school district that does not offer instruction in high  
43 school subjects, the qualifying tax rate for a unified school district, a  
44 common school district not within a high school district or a common  
45 school district within a high school district that offers instruction in

1 high school subjects and the state equalization assistance property tax  
2 rate for the following fiscal year shall be the rate determined by the  
3 joint legislative budget committee pursuant to subsection C of this  
4 section. The committee shall transmit the rates to the superintendent of  
5 public instruction and the county boards of supervisors by March 15 each  
6 year.

7 E. If the legislature proposes either qualifying tax rates or a  
8 state equalization assistance property tax rate that exceeds the truth in  
9 taxation rate:

10 1. The house of representatives ways and means committee and the  
11 senate finance committee, or their successor committees, shall hold a  
12 joint hearing on or before February 28 and publish a notice of a truth in  
13 taxation hearing subject to the following requirements:

14 (a) The notice shall be published twice in a newspaper of general  
15 circulation in this state that is published at the state capital. The  
16 first publication shall be at least fourteen but not more than twenty days  
17 before the date of the hearing. The second publication shall be at least  
18 seven but not more than ten days before the date of the hearing.

19 (b) The notice shall be published in a location other than the  
20 classified or legal advertising section of the newspaper.

21 (c) The notice shall be at least one-fourth page in size and shall  
22 be surrounded by a solid black border at least one-eighth inch in width.

23 (d) The notice shall be in the following form, with the "truth in  
24 taxation hearing - notice of tax increase" headline in at least  
25 eighteen-point type:

26 Truth in Taxation Hearing

27 Notice of Tax Increase

28 In compliance with section 41-1276, Arizona Revised  
29 Statutes, the state legislature is notifying property  
30 taxpayers in Arizona of the legislature's intention to raise  
31 the property tax levy over last year's level.

32 The proposed tax increase will cause the taxes on a  
33 \$100,000 home to be \$(total proposed taxes including the tax  
34 increase). Without the proposed tax increase, the total taxes  
35 that would be owed on a \$100,000 home would have been  
36 \$\_\_\_\_\_.

37 All interested citizens are invited to attend a public  
38 hearing on the tax increase that is scheduled to be held  
39 (date and time) at (location).

40 (e) For purposes of computing the tax increase on a \$100,000 home  
41 as required by the notice, the joint meeting of the house of  
42 representatives ways and means committee and the senate finance committee,  
43 or their successor committees, shall consider the difference between the  
44 truth in taxation rate and the proposed increased rate.

2. The joint meeting of the house of representatives ways and means committee and the senate finance committee, or their successor committees, shall consider any motion to recommend the proposed tax rates to the full legislature by roll call vote.

F. In addition to publishing the truth in taxation notice under subsection E, paragraph 1 of this section, the joint meeting of the house of representatives ways and means committee and the senate finance committee, or their successor committees, shall issue a press release containing the truth in taxation notice.

G. Notwithstanding any other law, the legislature shall not adopt a state budget that provides for either qualifying tax rates pursuant to section 15-971 or a state equalization assistance property tax rate pursuant to section 15-994 that exceeds the truth in taxation rates computed pursuant to subsection A of this section unless the rates are adopted by a concurrent resolution approved by an affirmative roll call vote of two-thirds of the members of each house of the legislature before the legislature enacts the general appropriations bill. If the resolution is not approved by two-thirds of the members of each house of the legislature, the rates for the following fiscal year shall be the truth in taxation rates determined pursuant to subsection C of this section and shall be transmitted to the superintendent of public instruction and the county boards of supervisors.

H. Notwithstanding subsection C of this section and if approved by the qualified electors voting at a statewide general election, the legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high school district or \$4.253 for a unified school district. The legislature shall not set a county equalization assistance for education rate that exceeds \$0.5123.

I. Pursuant to subsection C of this section, the qualifying tax rate in tax year ~~2019~~ 2020 for a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447 is ~~\$1.8954~~ \$1.8371 and for a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447 is ~~\$3.7908~~ \$3.6742. The state equalization assistance property tax rate in tax year ~~2019~~ 2020 is ~~\$0.4566~~ \$0.4426.

Sec. 5. Section 42-5029.02, Arizona Revised Statutes, is amended to read:

42-5029.02. Distribution of revenues for education: definitions

A. All monies collected pursuant to section 42-5010.01 and section 42-5155, subsection E shall be distributed each fiscal year pursuant to this subsection. The monies distributed pursuant to this subsection are in addition to any other appropriation, transfer or other allocation of

1 public or private monies from any other source and may not supplant,  
2 replace or cause a reduction in other school district, charter school,  
3 university or community college funding sources. The monies shall be  
4 distributed as follows:

5 1. \$64,100,000 is appropriated each fiscal year, to be paid in  
6 monthly installments, to the ~~classroom site fund established by section~~  
7 ~~15-977~~ SUPERINTENDENT OF PUBLIC INSTRUCTION FOR BASIC STATE AID.

8 2. After any transfer of monies pursuant to paragraph 1 of this  
9 subsection, twelve percent of the remaining monies collected during the  
10 preceding month shall be transferred to the technology and research  
11 initiative fund established by section 15-1648 to be distributed among the  
12 universities under the jurisdiction of the Arizona board of regents for  
13 the purpose of investment in technology and research-based initiatives.

14 3. After the transfer of monies pursuant to paragraph 1 of this  
15 subsection, three percent of the remaining monies collected during the  
16 preceding month shall be transferred to the workforce development account  
17 established in each community college district pursuant to section 15-1472  
18 for the purpose of investment in workforce development programs.

19 4. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
20 of this subsection, one-twelfth of the amount a community college that is  
21 owned, operated or chartered by a qualifying Indian tribe on its own  
22 Indian reservation would receive pursuant to section 15-1472,  
23 subsection D, paragraph 2 if it were a community college district shall be  
24 distributed each month to the treasurer or other designated depository of  
25 the qualifying Indian tribe. Monies distributed pursuant to this  
26 paragraph are for the exclusive purpose of providing support to one or  
27 more community colleges that are owned, operated or chartered by a  
28 qualifying Indian tribe and shall be used in a manner consistent with  
29 section 15-1472, subsection B.

30 5. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
31 of this subsection, one-twelfth of \$86,280,500 shall be transferred each  
32 month to the department of education for the increased cost of basic state  
33 aid under section 15-971 due to added school days and associated teacher  
34 salary increases that were enacted in 2000.

35 6. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
36 of this subsection, \$7,800,000 is appropriated each fiscal year, to be  
37 paid in monthly installments, to the department of education to be used  
38 for school safety as provided in section 15-154 and \$200,000 is  
39 appropriated each fiscal year, to be paid in monthly installments, to the  
40 department of education to be used for the character education matching  
41 grant program as provided in section 15-154.01.

42 7. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
43 of this subsection, the legislature may not appropriate more than  
44 \$7,000,000 each fiscal year to the department of education to be used for

1 accountability purposes as described in section 15-241.02 and title 15,  
2 chapter 9, article 8.

3 8. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
4 of this subsection, \$1,500,000 is appropriated each fiscal year, to be  
5 paid in monthly installments, to the failing schools tutoring fund  
6 established by section 15-241.

7 9. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
8 of this subsection, \$25,000,000 shall be transferred each fiscal year to  
9 the state general fund to reimburse the state general fund for the cost of  
10 the income tax credit allowed by section 43-1072.02.

11 10. After the transfer of monies pursuant to paragraphs 1 through 9  
12 of this subsection, the remaining monies collected during the preceding  
13 month shall be transferred to the classroom site fund established by  
14 section 15-977. The monies shall be allocated as follows in the manner  
15 prescribed by section 15-977:

16 (a) Forty percent shall be allocated for teacher compensation based  
17 on performance.

18 (b) Twenty percent shall be allocated for increases in teacher base  
19 compensation and employee-related expenses.

20 (c) Forty percent shall be allocated for maintenance and operation  
21 purposes.

22 B. For the purposes of this section:

23 1. "Community college district" means a community college district  
24 that is established pursuant to sections 15-1402 and 15-1403 and that is a  
25 political subdivision of this state and, unless otherwise specified,  
26 includes a community college tuition financing district established  
27 pursuant to section 15-1409.

28 2. "Qualifying Indian tribe" has the same meaning as defined in  
29 section 42-5031.01.

30 Sec. 6. Laws 2018, chapter 285, section 27, as amended by Laws  
31 2019, chapter 265, section 20, is amended to read:

32 Sec. 27. District additional assistance for school districts:  
33 reductions; exemption; classroom spending

34 A. For fiscal years 2018-2019 through ~~2022-2023~~ 2020-2021, the  
35 department of education shall reduce by the amounts specified in  
36 paragraphs 1 through ~~4~~ 3 of this subsection the amount of basic state aid  
37 that otherwise would be apportioned to school districts statewide for  
38 district additional assistance prescribed in section 15-961, Arizona  
39 Revised Statutes, and shall reduce school district budget limits  
40 accordingly. The amount of reduction is:

41 1. For fiscal year 2018-2019, \$257,469,900.

42 2. For fiscal year 2019-2020, \$128,734,900.

43 3. For fiscal year 2020-2021, ~~\$128,734,900~~ \$64,367,400.

44 ~~4. For fiscal year 2021-2022, \$64,367,400.~~

1       ~~5-~~ 4. For fiscal year ~~2022-2023~~ 2021-2022 and each fiscal year  
2 thereafter, \$0.00.

3       B. For fiscal years 2018-2019 through ~~2021-2022~~ 2020-2021, the  
4 department of education shall reduce district additional assistance for a  
5 school district that is not eligible to receive basic state aid funding by  
6 the amount that the school district's district additional assistance would  
7 be reduced pursuant to subsection A of this section if the school district  
8 were eligible to receive basic state aid funding and shall reduce the  
9 school district's budget limits accordingly.

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

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

17       Sec. 7. Laws 2018, chapter 285, section 28, as amended by Laws  
18 2019, chapter 265, section 21, is amended to read:

19       Sec. 28. Additional assistance funding for charter schools;  
20 reductions

21       For fiscal years 2018-2019 through ~~2022-2023~~ 2020-2021, the  
22 department of education shall reduce by the amounts specified in  
23 paragraphs 1 through ~~4-~~ 3 of this section the amount of charter additional  
24 assistance funding that otherwise would be apportioned to charter schools  
25 statewide pursuant to section 15-185, subsection B, paragraph 4, Arizona  
26 Revised Statutes, ~~as amended by this act~~. The funding reduction required  
27 for a fiscal year under this section shall be made on a proportional basis  
28 based on the charter additional assistance funding that each charter  
29 school in this state would have received for the fiscal year without the  
30 prescribed reduction. The amount of reduction is:

31       1. For fiscal year 2018-2019, \$13,628,800.

32       2. For fiscal year 2019-2020, \$6,814,400.

33       3. For fiscal year 2020-2021, ~~\$6,814,400~~ \$3,407,200.

34       ~~4. For fiscal year 2021-2022, \$3,407,200.~~

35       ~~5-~~ 4. For fiscal year ~~2022-2023~~ 2021-2022 and each fiscal year  
36 thereafter, \$0.00.

37       Sec. 8. Results-based funding; allocation formula; fiscal  
38 year 2020-2021

39       Notwithstanding section 15-249.08, subsection B, paragraph 2,  
40 Arizona Revised Statutes, for fiscal year 2020-2021, the department of  
41 education shall distribute monies from the results-based funding fund  
42 established by section 15-249.08, Arizona Revised Statutes, as follows:

43       1. Each school operated by a school district or charter holder  
44 shall receive \$225 per student count from the fund if both of the  
45 following apply:

1 (a) At the time the test prescribed in subdivision (b) of this  
2 paragraph was administered, fewer than sixty percent of the pupils who  
3 were enrolled in the school met the eligibility requirements established  
4 under the national school lunch and child nutrition acts (42 United States  
5 Code sections 1751 through 1793) for free or reduced-price lunches, or an  
6 equivalent measure recognized for participating in the federal free and  
7 reduced-price lunch program and other school programs dependent on a  
8 poverty measure, including the community eligibility provision for which  
9 free and reduced-price lunch data is not available.

10 (b) In results achieved during the spring of 2019, the school  
11 performed in the top thirteen percent of all schools statewide as  
12 demonstrated by the average percentage of pupils who obtained a passing  
13 score on the mathematics portions of the statewide assessment and the  
14 average percentage of pupils who obtained a passing score on the language  
15 arts portions of the statewide assessment.

16 2. Each school operated by a school district or charter holder  
17 shall receive \$400 per student count from the fund if both of the  
18 following apply:

19 (a) At the time the test prescribed in subdivision (b) of this  
20 paragraph was administered, sixty percent or more of the pupils who were  
21 enrolled in the school met the eligibility requirements established under  
22 the national school lunch and child nutrition acts (42 United States Code  
23 sections 1751 through 1793) for free or reduced-price lunches, or an  
24 equivalent measure recognized for participating in the federal free and  
25 reduced-price lunch program and other school programs dependent on a  
26 poverty measure, including the community eligibility provision for which  
27 free and reduced-price lunch data is not available.

28 (b) In results achieved during the spring of 2019, the school  
29 performed in the top thirteen percent of schools pursuant to subdivision  
30 (a) of this paragraph, as demonstrated by the average percentage of those  
31 pupils who obtained a passing score on the mathematics portions of the  
32 statewide assessment and the average percentage of pupils who obtained a  
33 passing score on the language arts portions of the statewide assessment.

34 3. Each school operated by a school district or charter holder  
35 shall receive \$225 per student count from the fund if both of the  
36 following apply:

37 (a) At the time the test prescribed in subdivision (b) of this  
38 paragraph was administered, sixty percent or more of the pupils who were  
39 enrolled in the school met the eligibility requirements established under  
40 the national school lunch and child nutrition acts (42 United States Code  
41 sections 1751 through 1793) for free or reduced-price lunches, or an  
42 equivalent measure recognized for participating in the federal free and  
43 reduced-price lunch program and other school programs dependent on a  
44 poverty measure, including the community eligibility provision for which  
45 free and reduced-price lunch data is not available.

1 (b) In results achieved during the spring of 2019, the school  
2 performed in the top twenty-seven percent but not in the top thirteen  
3 percent of schools pursuant to subdivision (a) of this paragraph, as  
4 demonstrated by the average percentage of those pupils who obtained a  
5 passing score on the mathematics portions of the statewide assessment and  
6 the average percentage of pupils who obtained a passing score on the  
7 language arts portions of the statewide assessment.

8 4. Each alternative high school shall receive \$400 per student  
9 count from the fund if in the results achieved during testing conducted in  
10 the spring of 2019 the school performed in the top twenty-seven percent of  
11 schools identified pursuant to paragraph 3, subdivision (a) of this  
12 section, as demonstrated by the average percentage of those pupils who  
13 obtained a passing score on the mathematics portions of the statewide  
14 assessment and the average percentage of pupils who obtained a passing  
15 score on the language arts portions of the statewide assessment. An  
16 alternative high school is eligible for funding under this paragraph only  
17 if it reports the average percentage of pupils who obtained a passing  
18 score on both the mathematics portions of the statewide assessment and the  
19 language arts portions of the statewide assessment during testing  
20 conducted in the spring of 2019.

21 Sec. 9. Intent

22 The governor and the legislature intend that school districts  
23 increase the total percentage of classroom spending over the previous  
24 year's percentages in the combined categories of instruction, student  
25 support and instructional support as prescribed by the auditor general.