House Engrossed Senate Bill

**FILED**

**KEN BENNETT**
**SECRETARY OF STATE**

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Second Regular Session
2010

CHAPTER 306

# SENATE BILL 1284

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 2; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-248.02; AMENDING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 6; AMENDING SECTION 15-448, ARIZONA REVISED STATUTES; AMENDING SECTION 15-808, ARIZONA REVISED STATUTES, AS AMENDED BY HOUSE BILL 2129, SECTION 1, FORTY-NINTH LEGISLATURE, SECOND REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.05; AMENDING SECTIONS 15-903, 15-913, 15-913.01, 15-951, 15-973, 15-1204, 15-1371 AND 15-1372, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO SCHOOL FINANCE; PROVIDING FOR CONDITIONAL ENACTMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-185, Arizona Revised Statutes, as amended by Laws 2010, chapter 17, section 2, is amended to read:

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

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

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

2. A school district is not financially responsible for any charter school that is sponsored by the state board of education or the state board for charter schools.

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

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

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

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

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

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

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

B. Financial provisions for a charter school that is sponsored by the state board of education or the state board for charter schools are as follows:

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that ~~sections~~ SECTION 15-941 ~~and 15-942 do~~ DOES not apply to these charter schools.

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, or the adjusted average daily membership, as prescribed in section 15-902, of the charter school. A charter school that provides two hundred days of instruction may use section 15-902.02 for the purposes of this section. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education or the state board for charter schools may require a charter school to report periodically regarding pupil enrollment and attendance, and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

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

4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and additional assistance. The amount of the additional assistance is one thousand five hundred eighty-eight dollars forty-four cents per student count in kindergarten programs and grades one through eight and one thousand eight hundred fifty-one dollars thirty cents per student count in grades nine through twelve.

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

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

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

C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 6, for that pupil in the school district and the charter school shall not exceed 1.0, except that if the pupil is enrolled in both a charter school and a joint technical education district and resides within the boundaries of a school district participating in the joint technical education district, the sum of the average daily membership for that pupil in the charter school and the joint technical education district shall not exceed 1.25. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the department of education shall direct the average daily membership to the school with the most recent enrollment date. Upon 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, except that if the pupil is enrolled in both a charter school and a joint technical education district and resides within the boundaries of a school district participating in the joint technical education district, the sum of the average daily membership for that pupil in the charter school and the joint technical education district shall be reduced to 1.25 and shall be apportioned between the charter school and the joint technical education district based on the percentage of total time that the pupil is enrolled or in attendance in the charter school and the joint technical education district. The uniform system of financial records shall include guidelines for the apportionment of 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 or the state board for charter schools, the total of the base support level and the additional assistance shall not be less than zero.

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

E. If a charter school was a district public school in the prior year and is now being operated for or by the same school district and sponsored by the state board of education, the state board for charter schools or a school district governing board, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school or the sponsoring district of the charter school shall equal the sum of the base support level and the 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

1 the same educational services to the charter school as prescribed in section
2 15-308, subsection A. The county school superintendent may charge a fee to
3 recover costs for providing educational services to charter schools.
4 H. If the sponsor of the charter school determines at a public meeting
5 that the charter school is not in compliance with federal law, with the laws
6 of this state or with its charter, the sponsor of a charter school may submit
7 a request to the department of education to withhold up to ten per cent of
8 the monthly apportionment of state aid that would otherwise be due the
9 charter school. The department of education shall adjust the charter
10 school's apportionment accordingly. The sponsor shall provide written notice
11 to the charter school at least seventy-two hours before the meeting and shall
12 allow the charter school to respond to the allegations of noncompliance at
13 the meeting before the sponsor makes a final determination to notify the
14 department of education of noncompliance. The charter school shall submit a
15 corrective action plan to the sponsor on a date specified by the sponsor at
16 the meeting. The corrective action plan shall be designed to correct
17 deficiencies at the charter school and to ensure that the charter school
18 promptly returns to compliance. When the sponsor determines that the charter
19 school is in compliance, the department of education shall restore the full
20 amount of state aid payments to the charter school.
21 I. In addition to the withholding of state aid payments pursuant to
22 subsection H of this section, the sponsor of a charter school may impose a
23 civil penalty of one thousand dollars per occurrence if a charter school
24 fails to comply with the fingerprinting requirements prescribed in section
25 15-183, subsection C or section 15-512. The sponsor of a charter school
26 shall not impose a civil penalty if it is the first time that a charter
27 school is out of compliance with the fingerprinting requirements and if the
28 charter school provides proof within forty-eight hours of written
29 notification that an application for the appropriate fingerprint check has
30 been received by the department of public safety. The sponsor of the charter
31 school shall obtain proof that the charter school has been notified, and the
32 notification shall identify the date of the deadline and shall be signed by
33 both parties. The sponsor of a charter school shall automatically impose a
34 civil penalty of one thousand dollars per occurrence if the sponsor
35 determines that the charter school subsequently violates the fingerprinting
36 requirements. Civil penalties pursuant to this subsection shall be assessed
37 by requesting the department of education to reduce the amount of state aid
38 that the charter school would otherwise receive by an amount equal to the
39 civil penalty. The amount of state aid withheld shall revert to the state
40 general fund at the end of the fiscal year.
41 J. A charter school may receive and spend monies distributed by the
42 department of education pursuant to section 42-5029, subsection E and section
43 37-521, subsection B.
44 K. If a school district transports or contracts to transport pupils to
45 the Arizona state schools for the deaf and the blind during any fiscal year,

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

L. For the purposes of this section:

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

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

Sec. 2. Title 15, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 15-248.02, to read:

15-248.02. <u>Teacher certification fund</u>

THE TEACHER CERTIFICATION FUND IS ESTABLISHED CONSISTING OF FEES COLLECTED PURSUANT TO CHAPTER 5, ARTICLE 3 OF THIS TITLE AND LEGISLATIVE APPROPRIATIONS. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE FUND AND SHALL USE THE MONIES IN THE FUND FOR EXPENSES INCURRED IN ADMINISTERING TEACHER CERTIFICATION. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

Sec. 3. Section 15-393, Arizona Revised Statutes, as amended by Laws 2010, chapter 17, section 6, is amended to read:

15-393. <u>Joint technical education district governing board; report; definition</u>

A. The management and control of the joint district are vested in the joint technical education district governing board, including the content and quality of the courses offered by the district, the quality of teachers who provide instruction on behalf of the district, the salaries of teachers who provide instruction on behalf of the district and the reimbursement of other entities for the facilities used by the district. Unless the governing boards of the school districts participating in the formation of the joint district vote to implement an alternative election system as provided in subsection B of this section, the joint board shall consist of five members elected from five single member districts formed within the joint district. The single member district election system shall be submitted as part of the plan for

1 the joint district pursuant to section 15-392 and shall be established in the
2 plan as follows:
3 1. The governing boards of the school districts participating in the
4 formation of the joint district shall define the boundaries of the single
5 member districts so that the single member districts are as nearly equal in
6 population as is practicable, except that if the joint district lies in part
7 in each of two or more counties, at least one single member district may be
8 entirely within each of the counties comprising the joint district if this
9 district design is consistent with the obligation to equalize the population
10 among single member districts.
11 2. The boundaries of each single member district shall follow election
12 precinct boundary lines, as far as practicable, in order to avoid further
13 segmentation of the precincts.
14 3. A person who is a registered voter of this state and who is a
15 resident of the single member district is eligible for election to the office
16 of joint board member from the single member district. The terms of office
17 of the members of the joint board shall be as prescribed in section 15-427,
18 subsection B. An employee of a joint technical education district or the
19 spouse of an employee shall not hold membership on a governing board of a
20 joint technical education district by which the employee is employed. A
21 member of one school district governing board or joint technical education
22 district governing board is ineligible to be a candidate for nomination or
23 election to or serve simultaneously as a member of any other governing board,
24 except that a member of a governing board may be a candidate for nomination
25 or election for any other governing board if the member is serving in the
26 last year of a term of office. A member of a governing board shall resign
27 the member's seat on the governing board before becoming a candidate for
28 nomination or election to the governing board of any other school district or
29 joint technical education district, unless the member of the governing board
30 is serving in the last year of a term of office.
31 4. Nominating petitions shall be signed by the number of qualified
32 electors of the single member district as provided in section 16-322.
33 B. The governing boards of the school districts participating in the
34 formation of the joint district may vote to implement any other alternative
35 election system for the election of joint district board members. If an
36 alternative election system is selected, it shall be submitted as part of the
37 plan for the joint district pursuant to section 15-392, and the
38 implementation of the system shall be as approved by the United States
39 justice department.
40 C. The joint technical education district shall be subject to the
41 following provisions of this title:
42 1. Chapter 1, articles 1 through 6.
43 2. Sections 15-208, 15-210, 15-213 and 15-234.
44 3. Articles 2, 3 and 5 of this chapter.
45 4. Section 15-361.

5. Chapter 4, articles 1, 2 and 5.
6. Chapter 5, articles 1, 2 and 3.
7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729 and 15-730.
8. Chapter 7, article 5.
9. Chapter 8, articles 1, 3 and 4.
10. Sections 15-828 and 15-829.
11. Chapter 9, article 1, article 6, except for section 15-995, and article 7.
12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
13. Sections 15-1101 and 15-1104.
14. Chapter 10, articles 2, 3, 4 and 8.

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

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

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

3. If a career and technical education and vocational education course or program provided pursuant to this article is provided in a facility owned or operated by a school district in which a pupil is enrolled, including satellite courses, the sum of the daily attendance, as provided in section 15-901, subsection A, paragraph 6, for that pupil in both the school district and joint technical education district shall not exceed 1.25 and the sum of the fractional student enrollment, as provided in section 15-901, subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the courses taken in the school district and the facility, including satellite courses. The school district and the joint district shall determine the apportionment of the daily attendance and fractional student enrollment for that pupil between the school district and the joint district.

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

(a) Determine the estimated student count for joint district classes that will operate in the first year of operation. This estimate shall be based on actual registration of pupils as of March 30 scheduled to attend classes that will be operated by the joint district. The student count for the district of residence of the pupils registered at the joint district shall be adjusted. The adjustment shall cause the district of residence to reduce the student count for the pupil to reflect the courses to be taken at

the joint district. The district of residence shall review and approve the adjustment of its own student count as provided in this subdivision before the pupils from the school district can be added to the student count of the joint district.

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

(c) After the first one hundred days or two hundred days in session, as applicable, for the first year of operation, the joint district shall revise the student count to the actual student count for students attending classes in the joint district. A joint district shall revise its student count, the base support level as provided in section 15-943.02, the revenue control limit as provided in section 15-944.01, the capital outlay revenue limit and the soft capital allocation as provided in section 15-962.01 prior to May 15. A joint district that overestimated its student count shall revise its budget prior to May 15. A joint district that underestimated its student count may revise its budget prior to May 15.

(d) After the first one hundred days or two hundred days in session, as applicable, for the first year of operation, the district of residence shall adjust its student count by reducing it to reflect the courses actually taken at the joint district. The district of residence shall revise its student count, the base support level as provided in section 15-943, the revenue control limit as provided in section 15-944, the capital outlay revenue limit as provided in section 15-961 and the soft capital allocation as provided in section 15-962 prior to May 15. A district that underestimated the student count for students attending the joint district shall revise its budget prior to May 15. A district that overestimated the student count for students attending the joint district may revise its budget prior to May 15.

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

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

~~(h)~~ (g) Pupils in an approved joint technical education district centralized program may generate an average daily attendance of 1.0 for attendance hours during any hour of the day, during any day of the week and at any time between July 1 and June 30 of each fiscal year.

~~(g) If the district of residence utilizes section 15-942 to determine its student count, the district shall reduce its student count as provided in this paragraph by subtracting the appropriate count from the student count determined as provided in section 15-942.~~

For the purposes of this paragraph, "district of residence" means the district that included the pupil in its average daily membership for the year before the first year of operation of the joint district and that would have included the pupil in its student count for the purposes of computing its

1 base support level for the fiscal year of the first year of operation of the
2 joint district if the pupil had not enrolled in the joint district.
3 5. A student includes any person enrolled in the joint district
4 without regard to the person's age or high school graduation status, except
5 that:
6 (a) A student in a kindergarten program or in grades one through eight
7 who enrolls in courses offered by the joint technical education district
8 shall not be included in the joint district's average daily attendance or
9 average daily membership.
10 (b) A student in a kindergarten program or in grades one through eight
11 who is enrolled in vocational education courses shall not be funded in whole
12 or in part with monies provided by a joint technical education district.
13 (c) A student who is over twenty-two years of age shall not be
14 included in the student count of the joint district for the purposes of
15 chapter 9, articles 3, 4 and 5 of this title.
16 (d) A student in grade nine who enrolls in a career exploration course
17 shall not be included in the joint district's average daily attendance or
18 average daily membership.
19 6. A joint district may operate for more than one hundred seventy-five
20 days per year, with expanded hours of service.
21 7. A joint district may use the excess utility costs provisions of
22 section 15-910 in the same manner as a school district for fiscal years
23 1999-2000 and 2000-2001, except that the base year shall be the first full
24 fiscal year of operations.
25 8. A joint district may use the carryforward provisions of section
26 15-943.01 retroactively to July 1, 1993.
27 9. A school district that is part of a joint district shall use any
28 monies received pursuant to this article to supplement and not supplant base
29 year career and technical education and vocational education courses, and
30 directly related equipment and facilities, except that a school district that
31 is part of a joint technical education district and that has used monies
32 received pursuant to this article to supplant career and technological
33 education and vocational education courses that were offered before the first
34 year that the school district participated in the joint district or the first
35 year that the school district used monies received pursuant to this article
36 or that used the monies for purposes other than for career and technological
37 education and vocational education courses shall use one hundred per cent of
38 the monies received pursuant to this article to supplement and not supplant
39 base year career and technical education and vocational education courses.
40 10. A joint technical education district shall use any monies received
41 pursuant to this article to enhance and not supplant career and technical
42 education and vocational education courses and directly related equipment and
43 facilities.
44 11. A joint technical education district or a school district that is
45 part of a joint district shall only include pupils in grades nine through

1 twelve in the calculation of average daily membership or average daily
2 attendance if the pupils are enrolled in courses that are approved jointly by
3 the governing board of the joint technical education district and each
4 participating school district for satellite courses taught within the
5 participating school district, or approved solely by the joint technical
6 education district for centrally located courses. Average daily membership
7 and average daily attendance from courses that are not part of an approved
8 program for career and technical education shall not be included in average
9 daily membership and average daily attendance of a joint technical education
10 district. A student in grade nine who enrolls in a career exploration course
11 shall not be included in the joint district's average daily attendance or
12 average daily membership.
13 E. The joint board shall appoint a superintendent as the executive
14 officer of the joint district.
15 F. Taxes may be levied for the support of the joint district as
16 prescribed in chapter 9, article 6 of this title, except that a joint
17 technical education district shall not levy a property tax pursuant to law
18 that exceeds five cents per one hundred dollars assessed valuation except for
19 bond monies pursuant to subsection D, paragraph 1 of this section. Except
20 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
21 from a levy of taxes on the taxable property used for secondary tax purposes.
22 G. The schools in the joint district are available to all persons who
23 reside in the joint district subject to the rules for admission prescribed by
24 the joint board.
25 H. The joint board may collect tuition for adult students and the
26 attendance of pupils who are residents of school districts that are not
27 participating in the joint district pursuant to arrangements made between the
28 governing board of the district and the joint board.
29 I. The joint board may accept gifts, grants, federal monies, tuition
30 and other allocations of monies to erect, repair and equip buildings and for
31 the cost of operation of the schools of the joint district.
32 J. One member of the joint board shall be selected chairman. The
33 chairman shall be selected annually on a rotation basis from among the
34 participating school districts. The chairman of the joint board shall be a
35 voting member.
36 K. A joint board and a community college district may enter into
37 agreements for the provision of administrative, operational and educational
38 services and facilities.
39 L. Any agreement between the governing board of a joint technical
40 education district and another joint technical education district, a school
41 district, a charter school or a community college district shall be in the
42 form of an intergovernmental agreement or other written contract. The
43 auditor general shall modify the uniform system of financial records and
44 budget forms in accordance with this subsection. The intergovernmental

agreement or other written contract shall completely and accurately specify each of the following:

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

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

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

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

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

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

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

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

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

10. That any initial intergovernmental agreement or other written contract and any addendums between the governing board of a joint technical education district and another joint technical education district, a school district, a charter school or a community college district be submitted by the joint technical education district to the joint legislative budget committee for review.

M. On or before December 31 of each year, each joint technical education district shall submit a detailed report to the career and technical education division of the department of education. The career and technical education division of the department of education shall collect, summarize and analyze the data submitted by the joint districts, shall submit an annual report that summarizes the data submitted by the joint districts to the governor, the speaker of the house of representatives, the president of the senate and the state board of education and shall submit a copy of this report to the secretary of state. The data submitted by each joint technical education district shall include the following:

1. The average daily membership of the joint district.

2. The program listings and program descriptions of programs offered by the joint district, including the course sequences for each program.

3. The costs associated with each program offered by the joint district.

4. The completion rate for each program offered by the joint district. For the purposes of this paragraph, "completion rate" means the completion rate for students who are designated as concentrators in that program by the department of education under the career and technology approved plan.

5. The graduation rate from the school district of residence of students who have completed a program in the joint district.

6. A detailed description of the career opportunities available to students after completion of the program offered by the joint district.

7. A detailed description of the career placement of students who have completed the program offered by the joint district.

8. Any other data deemed necessary by the department of education to carry out its duties under this subsection.

N. If the career and technical education division of the department of education determines that a course does not meet the criteria for approval as a joint technical education course, the governing board of the joint technical education district may appeal this decision to the state board of education acting as the state board of vocational education.

O. Notwithstanding any other law, the average daily membership of a pupil who is enrolled in a course that meets for at least one hundred fifty minutes per class period at a centralized campus owned and operated by a joint technical education district shall be 0.75. The sum of daily attendance, as provided in section 15-901, subsection A, paragraph 6 and the sum of the fractional student enrollment, as provided in section 15-901, subsection A, paragraph 2, subdivision (a), for that pupil in both the member school district and joint technical education district courses provided at a community college pursuant to subsection K of this section or at a facility owned and operated by a joint technical education district that is not located on a site of a member district shall not exceed 1.75. The member school district and the joint district shall determine the apportionment of the daily attendance and student enrollment for that pupil between the member school district and the joint district, except the amount apportioned shall not exceed 1.0 for either entity.

P. For the purposes of this section, "base year" means the complete school year in which voters of a school district elected to join a joint technical education district.

Sec. 4. Section 15-448, Arizona Revised Statutes, is amended to read:

15-448. <u>Formation of unified school district; board membership; budget</u>

A. One or more common school districts and a high school district with coterminous or overlapping boundaries may establish a unified school district pursuant to this section. Unification of a common school district and a high school district is not authorized by this section if any of the high school

1 facilities owned by the new unified school district would not be located
2 within its boundaries.
3 B. Formation of a unified school district shall be by resolutions
4 approved by the governing boards of the unifying school districts and
5 certification of approval by such governing boards to the county school
6 superintendent of the county or counties in which such individual school
7 districts are located. A common school district and high school district
8 that unify pursuant to this section shall not exclude from the same
9 unification a common school district that has overlapping boundaries with the
10 high school district and that wishes to unify. The formation of a unified
11 school district shall become effective on July 1 of the next fiscal year
12 following the certification of the county school superintendent. An election
13 shall not be required to form a unified school district pursuant to this
14 section. At least ninety days before the governing boards vote on the
15 resolutions prescribed in this subsection, the governing boards shall mail a
16 pamphlet to each household with one or more qualified electors that shall
17 list the full cash value, the assessed valuation and the estimated amount of
18 the primary property taxes and the estimated amount of the secondary property
19 taxes under the proposed unification for each of the following:
20 1. An owner occupied residence whose assessed valuation is the average
21 assessed valuation of property classified as class three, as prescribed by
22 section 42-12003 for the current year in the school district.
23 2. An owner occupied residence whose assessed valuation is one-half of
24 the assessed valuation of the residence in paragraph 1 of this subsection.
25 3. An owner occupied residence whose assessed valuation is twice the
26 assessed valuation of the residence in paragraph 1 of this subsection.
27 4. A business whose assessed valuation is the average of the assessed
28 valuation of property classified as class one, as prescribed by section
29 42-12001, paragraphs 12 and 13 for the current year in the school district.
30 C. The boundaries of the unified school district shall be the
31 boundaries of the former common school district or districts that unify. The
32 boundaries of the common school district or districts that are not unifying
33 remain unchanged. The county school superintendent, immediately upon receipt
34 of the approved resolutions prescribed by subsection B of this section, shall
35 file with the board of supervisors, the county assessor and the
36 superintendent of public instruction a transcript of the boundaries of the
37 unified school district. The boundaries shown in the transcript shall become
38 the legal boundaries of the school districts on July 1 of the next fiscal
39 year.
40 D. On formation of the unified school district, the governing board
41 consists of the members of the former school district governing boards and
42 the members shall hold office until January 1 following the first general
43 election after formation of the district.
44 E. Beginning on January 1 following the first general election after
45 formation of the unified school district, the governing board shall have five

members. At the first general election after the formation of the district, members shall be elected in the following manner:

1. The three candidates receiving the highest, the second highest and the third highest number of votes shall be elected to four year terms.

2. The two candidates receiving the fourth and fifth highest number of votes shall be elected to two year terms. Thereafter all offices shall have four year terms.

F. The new unified school district may appoint a resident of the remaining common school district to serve as a nonvoting member of the governing board to represent the interests of the high school pupils who reside in the remaining common school district and who attend school in the unified school district.

G. For the first year of operation, the unified school district governing board shall prepare a consolidated budget based on the student counts from the school districts comprising the unified school district, except that for purposes of determining budget amounts and equalization assistance, the student count for the former high school district shall not include the prior year average daily membership attributable to high school pupils from a common school district that was part of the former high school district but is not part of the unified school district. The unified school district shall charge the remaining common school district tuition for these pupils as provided in subsection J of this section ~~and shall not include such pupils for the purpose of making any adjustment for rapid decline in student count pursuant to section 15-942~~. The unified school district may budget for unification assistance pursuant to section 15-912.01.

H. The governing board of the unified school district shall prepare policies, curricula and budgets for the district. These policies shall require that:

1. The base compensation of each certificated teacher for the first year of operation of the new unified school district shall not be lower than the certificated teacher's base compensation for the prior year in the previously existing school districts.

2. The certificated teacher's years of employment in the previously existing school districts shall be included in determining the teacher's certificated years of employment in the new unified school district.

I. Upon formation of a unified school district any existing override authorization of the former high school district and the former common school district or districts shall continue until expiration based on the revenue control limit of the school district or districts that had override authorization prior to unification. The unified school district may request new override authorization for the budget year as provided in section 15-481 based on the combined revenue control limit of the new district after unification. If the unified school district's request for override authorization is approved, it will replace any existing override for the budget year.

J. The unified school district shall admit high school pupils who reside in a common school district that was located within the boundaries of the former high school district. Tuition shall be paid to the unified school district by the common school district in which such pupils reside. Such tuition amount shall be calculated in accordance with section 15-824, subject to the following modifications:

1. If the former high school district had outstanding bonded indebtedness at the time of unification, the combined tuition for the group of high school pupils who reside in each common school district shall include a debt service amount for the former high school district's outstanding bonded indebtedness that is determined as follows:

(a) Divide the total secondary assessed valuation of the common school district in which the group of pupils ~~reside~~ RESIDES by the total secondary assessed valuation of the former high school district. For the purposes of this subdivision, "secondary assessed valuation" means secondary assessed valuation for the tax year prior to the year when the unification occurs and includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

(b) Multiply the quotient obtained in subdivision (a) by the unified school district's annual debt service expenditure.

2. The debt service portion of such tuition payments calculated pursuant to paragraph 1 of this subsection shall be used exclusively for debt service of the outstanding bonded indebtedness of the former high school district. When such indebtedness is fully extinguished, the debt service portion of a pupil's tuition shall be determined in accordance with paragraph 3 of this subsection.

3. If the former high school district had no outstanding bonded indebtedness at the time of unification, the tuition calculation shall include the actual school district expenditures for the portion of any debt service of the unified school district that pertains to any construction or renovation of high school facilities divided by the school district's student count for the high school portion of the school district.

4. The unified school district shall not include in the tuition calculation any debt service that pertains to any construction or renovation of school facilities for preschool through grade eight.

5. Notwithstanding section 15-951, subsection ~~H~~ G, the revenue control limit of the common school district shall include the full amount of the debt service portion of the tuition calculated pursuant to this subsection.

K. All assets and liabilities of the unifying school districts shall be transferred and assumed by the new unified school district. Any existing bonded indebtedness of a common school district or a high school district unifying pursuant to this section shall be assumed by the new unified school district and shall be regarded as an indebtedness of the new unified school district for the purpose of determining the debt incurring authority of the

1 district. Taxes for the payment of such bonded indebtedness shall be levied
2 on all taxable property in the new unified school district, but nothing in
3 this subsection shall be construed to relieve from liability to taxation for
4 the payment of all taxable property of the former high school district if
5 necessary to prevent a default in the payment of any bonded indebtedness of
6 the former high school district. The residents of a common school district
7 that does not unify shall not vote in bond or override elections of the
8 unified school district and shall not be assessed taxes as a result of a bond
9 or override election of the unified school district.
10 L. If the remaining common school district had authorization for an
11 override as provided in section 15-481 or 15-482, the override authorization
12 continues for the remaining common school district or districts in the same
13 manner as before the formation of the unified school district.
14 M. The bonding authorization and bonding limitations continue for the
15 remaining common school district or districts in the same manner as before
16 the formation of the unified school district.
17 N. Nothing in this section shall be construed to relieve a school
18 district formed pursuant to section 15-457 or 15-458 of its liability for any
19 outstanding bonded indebtedness.
20 O. For school districts that become unified after July 1, 2004 and
21 where all of the common schools were eligible for the small school district
22 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
23 computing their base support level and base revenue control limit before
24 unification, the unified school district may continue to use the small school
25 district weight as follows:
26 1. Annually determine the common school student count and the weighted
27 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
28 each common school district before unification.
29 2. Calculate the sum of the common school districts' student counts
30 and weighted student counts determined in paragraph 1 of this subsection.
31 3. Divide the sum of the weighted student counts by the sum of the
32 student counts determined in paragraph 2 of this subsection.
33 4. The amount determined in paragraph 3 of this subsection shall be
34 the weight for the common schools in the unified school district.
35 P. A unified school district may calculate its revenue control limit
36 and district support level by using subsection O of this section as follows:
37 1. Determine the number of individual school districts that existed
38 before unification into a single school district.
39 2. Multiply the amount determined in paragraph 1 of this subsection by
40 six hundred.
41 3. Multiply the amount determined in paragraph 2 of this subsection by
42 0.80.
43 4. If the amount determined in paragraph 3 of this subsection exceeds
44 the student count of the unified school district, the unified school district
45 is eligible to use subsection O of this section.

Q. Subsections O and P of this section shall remain in effect until the aggregate student count of the common school districts before unification exceeds the aggregate number of students of the common school districts before unification authorized to utilize section 15-943, paragraph 1, subdivision (a).

Sec. 5. Section 15-808, Arizona Revised Statutes, as amended by House Bill 2129, section 1, forty-ninth legislature, second regular session, as transmitted to the governor, is amended to read:

15-808. Arizona online instruction; reports; definitions

A. Arizona online instruction shall be instituted to meet the needs of pupils in the information age. The state board of education shall select traditional public schools and the state board for charter schools shall sponsor charter schools to be online course providers or online schools. The state board of education and the state board for charter schools shall jointly develop standards for the approval of online course providers and online schools based on the following criteria:

1. The depth and breadth of curriculum choices.

2. The variety of educational methodologies employed by the school and the means of addressing the unique needs and learning styles of targeted pupil populations, including computer assisted learning systems, virtual classrooms, virtual laboratories, electronic field trips, electronic mail, virtual tutoring, online help desk, group chat sessions and noncomputer based activities performed under the direction of a certificated teacher.

3. The availability of an intranet or private network to safeguard pupils against predatory and pornographic elements of the internet.

4. The availability of filtered research access to the internet.

5. The availability of private individual electronic mail between pupils, teachers, administrators and parents in order to protect the confidentiality of pupil records and information.

6. The availability of faculty members who are experienced with computer networks, the internet and computer animation.

7. The extent to which the school intends to develop partnerships with universities, community colleges and private businesses.

8. The services offered to developmentally disabled populations.

9. The grade levels that will be served.

B. Each new school that provides online instruction shall provide online instruction on a probationary status. After a new school that provides online instruction has clearly demonstrated the academic integrity of its instruction through the actual improvement of the academic performance of its students, the school may apply to be removed from probationary status. The state board of education or the state board for charter schools shall remove from Arizona online instruction any probationary school that fails to clearly demonstrate improvement in academic performance within three years measured against goals in the approved application and the state's accountability system. The state board of education and the state board for

1 charter schools shall review the effectiveness of each participating school
2 and other information that is contained in the annual report prescribed in
3 subsection D of this section. All pupils who participate in Arizona online
4 instruction shall reside in this state. Pupils who participate in Arizona
5 online instruction are subject to the testing requirements prescribed in
6 chapter 7, article 3 of this title. Upon enrollment, the school shall notify
7 the parents or guardians of the pupil of the state testing requirements. If
8 a pupil fails to comply with the testing requirements and the school
9 administers the tests pursuant to this subsection to less than ninety-five
10 per cent of the pupils in Arizona online instruction, the pupil shall not be
11 allowed to participate in Arizona online instruction.
12 C. Beginning July 1, 2010, the state board of education and the state
13 board for charter schools shall develop annual reporting mechanisms for
14 schools that participate in Arizona online instruction.
15 D. The department of education shall compile the information submitted
16 in the annual reports by schools participating in Arizona online instruction.
17 The department of education shall submit the compiled report to the governor,
18 the speaker of the house of representatives and the president of the senate
19 by November 15 of each year.
20 E. Each school selected for Arizona online instruction shall ensure
21 that a daily log is maintained for each pupil who participates in Arizona
22 online instruction. The daily log shall describe the amount of time spent by
23 each pupil participating in Arizona online instruction pursuant to this
24 section on academic tasks. The daily log shall be used by the school
25 district or charter school to qualify the pupils who participate in Arizona
26 online instruction in the school's average daily attendance calculations
27 pursuant to section 15-901.
28 F. If a pupil is enrolled in a school district or charter school and
29 also participates in Arizona online instruction, the sum of the average daily
30 membership, which includes enrollment as prescribed in section 15-901,
31 subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as
32 prescribed in section 15-901, subsection A, paragraph 6, for that pupil in
33 the school district or charter school and in Arizona online instruction shall
34 not exceed 1.0. If the pupil is enrolled in a school district or a charter
35 school and also participates in Arizona online instruction and the sum of the
36 daily membership or daily attendance for that pupil is greater than 1.0, the
37 sum shall be reduced to 1.0 and shall be apportioned between the school
38 district, unless the school district is a joint technical education district
39 subject to the apportionment requirements of section 15-393, or charter
40 school and Arizona online instruction based on the percentage of total time
41 that the pupil is enrolled or in attendance in the school district or charter
42 school and Arizona online instruction. The uniform system of financial
43 records shall include guidelines for the apportionment of the pupil
44 enrollment and attendance as provided in this subsection. Pupils in Arizona
45 online instruction do not incur absences for purposes of section 15-901 and

may generate an average daily attendance of 1.0 for attendance hours during any hour of the day, during any day of the week and at any time between July 1 and June 30 of each fiscal year. For kindergarten programs and grades one through eight, average daily membership shall be calculated by dividing the instructional hours as reported in the daily log required in subsection E of this section by the applicable hourly requirements prescribed in section 15-901. For grades nine through twelve, average daily membership shall be calculated by dividing the instructional hours as reported in the daily log required in subsection E of this section by nine hundred. The average daily membership of a pupil who participates in online instruction shall not exceed 1.0. Average daily membership shall not be calculated on the one hundredth day of instruction for the purposes of this section. Funding shall be determined as follows:

1. A pupil who is enrolled full-time in Arizona online instruction shall be funded for online instruction at ninety-five per cent of the base support level that would be calculated for that pupil if that pupil were enrolled as a full-time student in a school district or charter school that does not participate in Arizona online instruction. Additional assistance, capital outlay revenue limit and soft capital allocation limit shall be calculated in the same manner they would be calculated if the student were enrolled in a district or charter school that does not participate in Arizona online instruction.

2. A pupil who is enrolled part-time in Arizona online instruction shall be funded for online instruction at eighty-five per cent of the base support level that would be calculated for that pupil if that pupil were enrolled as a part-time student in a school district or charter school that does not participate in Arizona online instruction. Additional assistance, capital outlay revenue limit and soft capital allocation limit shall be calculated in the same manner they would be calculated if the student were enrolled in a district or charter school that does not participate in Arizona online instruction.

G. If the academic achievement of a pupil declines while the pupil is participating in Arizona online instruction, the pupil's parents, the pupil's teachers and the principal or head teacher of the school shall confer to evaluate whether the pupil should be allowed to continue to participate in Arizona online instruction.

H. To ensure the academic integrity of pupils who participate in online instruction, Arizona online instruction shall include multiple diverse assessment measures and the proctored administration of required state standardized tests.

I. For the purposes of this section:

1. "Full-time student" means:

(a) A student who is at least five years of age before September 1 of a school year and who is enrolled in a school kindergarten program that meets at least three hundred forty six hours during the school year.

(b) A student who is at least six years of age before September 1 of a school year, who has not graduated from the highest grade taught in the school and who is regularly enrolled in a course of study required by the state board of education. FOR FIRST, SECOND AND THIRD GRADE STUDENTS, THE INSTRUCTIONAL PROGRAM SHALL MEET AT LEAST SEVEN HUNDRED TWELVE HOURS. FOR FOURTH, FIFTH AND SIXTH GRADE STUDENTS, the instructional program shall meet at least eight hundred ninety hours during the school year.

(c) Seventh and eighth grade students or ungraded students who are at least twelve, but under fourteen, years of age on or before September 1 and who are enrolled in an instructional program of courses that meets at least one thousand sixty-eight hours during the school year.

(d) For high schools, except as provided in section 15-105, a student not graduated from the highest grade taught in the school district, or an ungraded student at least fourteen years of age on or before September 1, and who is enrolled in at least four courses throughout the year that meet at least nine hundred hours during the school year. A full-time student shall not be counted more than once for computation of average daily membership.

2. "Online course provider" means a school other than an online school that is selected by the state board of education or the state board for charter schools to participate in Arizona online instruction pursuant to this section and that provides at least one online academic course that is approved by the state board of education.

3. "Online school" means a school that provides at least four online academic courses or one or more online courses for the equivalent of at least five hours each day for one hundred eighty school days and that is a charter school that is sponsored by the state board for charter schools or a traditional public school that is selected by the state board of education to participate in Arizona online instruction.

4. "Part-time student" means:

(a) Any student who is enrolled in a program that does not meet the definition in paragraph 1 of this subsection shall be funded at eighty-five per cent of the base support level that would be calculated for that pupil if that pupil were enrolled as a part-time student in a school district or charter school that does not participate in Arizona online instruction.

(b) ~~For students in grades one through six,~~ A part-time student of seventy-five per cent average daily membership shall be enrolled in at least three subjects throughout the year that offer FOR FIRST, SECOND AND THIRD GRADE STUDENTS at least FIVE HUNDRED THIRTY-FOUR INSTRUCTIONAL HOURS IN A SCHOOL YEAR AND FOR FOURTH, FIFTH AND SIXTH GRADE STUDENTS AT LEAST six hundred sixty-eight instructional hours in a school year. A part-time student of fifty per cent average daily membership shall be enrolled in at least two subjects throughout the year that offer FOR FIRST, SECOND AND THIRD GRADE STUDENTS at least THREE HUNDRED FIFTY-SIX INSTRUCTIONAL HOURS IN A SCHOOL YEAR AND FOR FOURTH, FIFTH AND SIXTH GRADE STUDENTS AT LEAST four hundred forty-five instructional hours in a school year. A part-time student

of twenty-five per cent average daily membership shall be enrolled in at least one subject throughout the year that offers FOR FIRST, SECOND AND THIRD GRADE STUDENTS at least ONE HUNDRED SEVENTY-EIGHT INSTRUCTIONAL HOURS IN A SCHOOL YEAR AND FOR FOURTH, FIFTH AND SIXTH GRADE STUDENTS AT LEAST two hundred twenty-three instructional hours in a school year.

(c) For seventh and eighth grade students, a part-time student of seventy-five per cent average daily membership shall be enrolled in at least three subjects throughout the year that offer at least eight hundred one instructional hours in a school year. A part-time student of fifty per cent average daily membership shall be enrolled in at least two subjects throughout the year that offer at least five hundred thirty-four instructional hours in a school year. A part-time student of twenty-five per cent average daily membership shall be enrolled in at least one subject throughout the year that offers at least two hundred sixty-seven instructional hours in a school year.

(d) For high school students, a part-time student of seventy-five per cent average daily membership shall be enrolled in at least three subjects throughout the year that offer at least six hundred seventy-five instructional hours in a school year. A part-time student of fifty per cent average daily membership shall be enrolled in at least two subjects throughout the year that offer at least four hundred fifty instructional hours in a school year. A part-time student of twenty-five per cent average daily membership shall be enrolled in at least one subject throughout the year that offers at least two hundred twenty-five instructional hours in a school year.

Sec. 6. Section 15-901, Arizona Revised Statutes, is amended to read:

15-901. Definitions

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

1. "Average daily attendance" or "ADA" means actual average daily attendance through the first one hundred days or two hundred days in session, as applicable.

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

(a) "Fractional student" means:

(i) For common schools, until fiscal year 2001-2002, a preschool child who is enrolled in a program for preschool children with disabilities of at least three hundred sixty minutes each week or a kindergarten student at least five years of age prior to January 1 of the school year and enrolled in a school kindergarten program that meets at least three hundred forty-six

1 instructional hours during the minimum number of days required in a school
2 year as provided in section 15-341. In fiscal year 2001-2002, the
3 kindergarten program shall meet at least three hundred forty-eight hours. In
4 fiscal year 2002-2003, the kindergarten program shall meet at least three
5 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
6 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
7 the kindergarten program shall meet at least three hundred fifty-four
8 hours. In fiscal year 2005-2006 and each fiscal year thereafter, the
9 kindergarten program shall meet at least three hundred fifty-six hours.
10 Lunch periods and recess periods may not be included as part of the
11 instructional hours unless the child's individualized education program
12 requires instruction during those periods and the specific reasons for such
13 instruction are fully documented. In computing the average daily membership,
14 preschool children with disabilities and kindergarten students shall be
15 counted as one-half of a full-time student. For common schools, a part-time
16 student is a student enrolled for less than the total time for a full-time
17 student as defined in this section. A part-time common school student shall
18 be counted as one-fourth, one-half or three-fourths of a full-time student if
19 the student is enrolled in an instructional program that is at least
20 one-fourth, one-half or three-fourths of the time a full-time student is
21 enrolled as defined in subdivision (b) of this paragraph.
22 (ii) For high schools, a part-time student who is enrolled in less
23 than four subjects that count toward graduation as defined by the state board
24 of education in a recognized high school and who is taught in less than
25 twenty instructional hours per week prorated for any week with fewer than
26 five school days. A part-time high school student shall be counted as
27 one-fourth, one-half or three-fourths of a full-time student if the student
28 is enrolled in an instructional program that is at least one-fourth, one-half
29 or three-fourths of a full-time instructional program as defined in
30 subdivision (c) of this paragraph.
31 (b) "Full-time student" means:
32 (i) For common schools, a student who is at least six years of age
33 prior to January 1 of a school year, who has not graduated from the highest
34 grade taught in the school district and who is regularly enrolled in a course
35 of study required by the state board of education. Until fiscal year
36 2001-2002, first, second and third grade students, ungraded students at least
37 six, but under nine, years of age by September 1 or ungraded group B children
38 with disabilities who are at least five, but under six, years of age by
39 September 1 must be enrolled in an instructional program that meets for a
40 total of at least six hundred ninety-two hours during the minimum number of
41 days required in a school year as provided in section 15-341. In fiscal year
42 2001-2002, the program shall meet at least six hundred ninety-six hours. In
43 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
44 In fiscal year 2003-2004, the program shall meet at least seven hundred four
45 hours. In fiscal year 2004-2005, the program shall meet at least seven

hundred eight hours. In fiscal year 2005-2006 and in each fiscal year thereafter, the program shall meet at least seven hundred twelve hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students or ungraded students at least nine, but under twelve, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least eight hundred sixty-five hours during the minimum number of school days required in a school year as provided in section 15-341. In fiscal year 2001-2002, the program shall meet at least eight hundred seventy hours. In fiscal year 2002-2003, the program shall meet at least eight hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet at least eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each fiscal year thereafter, the program shall meet at least eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth grade students or ungraded students at least twelve, but under fourteen, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least one thousand thirty-eight hours during the minimum number of days required in a school year as provided in section 15-341. In fiscal year 2001-2002, the program shall meet at least one thousand forty-four hours. In fiscal year 2002-2003, the program shall meet at least one thousand fifty hours. In fiscal year 2003-2004, the program shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005, the program shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006 and each fiscal year thereafter, the program shall meet at least one thousand sixty-eight hours. Lunch periods and recess periods may not be included as part of the instructional hours unless the student is a child with a disability and the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented.

(ii) For high schools, except as provided in section 15-105, a student not graduated from the highest grade taught in the school district, or an ungraded student at least fourteen years of age by September 1, and enrolled in at least a full-time instructional program of subjects that count toward graduation as defined by the state board of education in a recognized high school. A full-time student shall not be counted more than once for computation of average daily membership.

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

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

1 (v) Except as otherwise provided by law, for any student who is
2 concurrently enrolled, pursuant to section 15-808, in a school district and
3 Arizona online instruction or a charter school and Arizona online
4 instruction, the average daily membership shall be apportioned between the
5 school district and Arizona online instruction or the charter school and
6 Arizona online instruction and shall not exceed 1.0. The apportionment shall
7 be based on the percentage of total time that the student is enrolled in or
8 in attendance at the school district and Arizona online instruction or the
9 charter school and Arizona online instruction.
10 (vi) For homebound or hospitalized, a student receiving at least four
11 hours of instruction per week.
12 (c) "Full-time instructional program" means:
13 (i) Through fiscal year 2000-2001, at least four subjects, each of
14 which, if taught each school day for the minimum number of days required in a
15 school year, would meet a minimum of one hundred twenty hours a year, or the
16 equivalent, or one or more subjects taught in amounts of time totaling at
17 least twenty hours per week prorated for any week with fewer than five school
18 days.
19 (ii) For fiscal year 2001-2002, an instructional program that meets at
20 least a total of seven hundred four hours during the minimum number of days
21 required and includes at least four subjects each of which, if taught each
22 school day for the minimum number of days required in a school year, would
23 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
24 one or more subjects taught in amounts of time totaling at least twenty hours
25 per week prorated for any week with fewer than five school days.
26 (iii) For fiscal year 2002-2003, an instructional program that meets
27 at least a total of seven hundred eight hours during the minimum number of
28 days required and includes at least four subjects each of which, if taught
29 each school day for the minimum number of days required in a school year,
30 would meet a minimum of one hundred twenty-two hours a year, or the
31 equivalent, or one or more subjects taught in amounts of time totaling at
32 least twenty hours per week prorated for any week with fewer than five school
33 days.
34 (iv) For fiscal year 2003-2004, an instructional program that meets at
35 least a total of seven hundred twelve hours during the minimum number of days
36 required and includes at least four subjects each of which, if taught each
37 school day for the minimum number of days required in a school year, would
38 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
39 or one or more subjects taught in amounts of time totaling at least twenty
40 hours per week prorated for any week with fewer than five school days.
41 (v) For fiscal year 2004-2005, an instructional program that meets at
42 least a total of seven hundred sixteen hours during the minimum number of
43 days required and includes at least four subjects each of which, if taught
44 each school day for the minimum number of days required in a school year,
45 would meet a minimum of one hundred twenty-three hours a year, or the

equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(vi) For fiscal year 2005-2006 and each fiscal year thereafter, an instructional program that meets at least a total of seven hundred twenty hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

3. "Budget year" means the fiscal year for which the school district is budgeting and which immediately follows the current year.

4. "Common school district" means a political subdivision of this state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through eight.

5. "Current year" means the fiscal year in which a school district is operating.

6. "Daily attendance" means:

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

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

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

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

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

(b) For common schools, the attendance of a pupil at three-quarters or less of the instructional time scheduled for the day shall be counted as

1 follows, except as provided in section 15-797 and except that attendance for
2 a fractional student shall not exceed the pupil's fractional membership:
3 (i) If attendance for all pupils in the school is based on quarter
4 days, the attendance of a pupil shall be counted as one-fourth of a day's
5 attendance for each one-fourth of full-time instructional time attended.
6 (ii) If attendance for all pupils in the school is based on half days,
7 the attendance of at least three-quarters of the instructional time scheduled
8 for the day shall be counted as a full day's attendance and attendance at a
9 minimum of one-half but less than three-quarters of the instructional time
10 scheduled for the day equals one-half day of attendance.
11 (c) For common schools, the attendance of a preschool child with
12 disabilities shall be counted as one-fourth day's attendance for each
13 thirty-six minutes of attendance not including lunch periods and recess
14 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
15 subsection for children with disabilities up to a maximum of three hundred
16 sixty minutes each week.
17 (d) For high schools or ungraded schools in which the pupil is at
18 least fourteen years of age by September 1, the attendance of a pupil shall
19 not be counted as a full day unless the pupil is actually and physically in
20 attendance and enrolled in and carrying four subjects, each of which, if
21 taught each school day for the minimum number of days required in a school
22 year, would meet a minimum of one hundred twenty hours a year, or the
23 equivalent, that count toward graduation in a recognized high school except
24 as provided in section 15-797 and subdivision (e) of this paragraph.
25 Attendance of a pupil carrying less than the load prescribed shall be
26 prorated.
27 (e) For high schools or ungraded schools in which the pupil is at
28 least fourteen years of age by September 1, the attendance of a pupil may be
29 counted as one-fourth of a day's attendance for each sixty minutes of
30 instructional time in a subject that counts toward graduation, except that
31 attendance for a pupil shall not exceed the pupil's full or fractional
32 membership.
33 (f) For homebound or hospitalized, a full day of attendance may be
34 counted for each day during a week in which the student receives at least
35 four hours of instruction.
36 (g) For school districts which maintain school for an approved
37 year-round school year operation, attendance shall be based on a computation,
38 as prescribed by the superintendent of public instruction, of the one hundred
39 eighty days' equivalency or two hundred days' equivalency, as applicable, of
40 instructional time as approved by the superintendent of public instruction
41 during which each pupil is enrolled.
42 7. "Daily route mileage" means the sum of:
43 (a) The total number of miles driven daily by all buses of a school
44 district while transporting eligible students from their residence to the

1 school of attendance and from the school of attendance to their residence on
2 scheduled routes approved by the superintendent of public instruction.
3 (b) The total number of miles driven daily on routes approved by the
4 superintendent of public instruction for which a private party, a political
5 subdivision or a common or a contract carrier is reimbursed for bringing an
6 eligible student from the place of his residence to a school transportation
7 pickup point or to the school of attendance and from the school
8 transportation scheduled return point or from the school of attendance to his
9 residence. Daily route mileage includes the total number of miles necessary
10 to drive to transport eligible students from and to their residence as
11 provided in this paragraph.
12 8. "District support level" means the base support level plus the
13 transportation support level.
14 9. "Eligible students" means:
15 (a) Students who are transported by or for a school district and who
16 qualify as full-time students or fractional students, except students for
17 whom transportation is paid by another school district or a county school
18 superintendent, and:
19 (i) For common school students, whose place of actual residence within
20 the school district is more than one mile from the school facility of
21 attendance or students who are admitted pursuant to section 15-816.01 and who
22 meet the economic eligibility requirements established under the national
23 school lunch and child nutrition acts (42 United States Code sections 1751
24 through 1785) for free or reduced price lunches and whose actual place of
25 residence outside the school district boundaries is more than one mile from
26 the school facility of attendance.
27 (ii) For high school students, whose place of actual residence within
28 the school district is more than one and one-half miles from the school
29 facility of attendance or students who are admitted pursuant to section
30 15-816.01 and who meet the economic eligibility requirements established
31 under the national school lunch and child nutrition acts (42 United States
32 Code sections 1751 through 1785) for free or reduced price lunches and whose
33 actual place of residence outside the school district boundaries is more than
34 one and one-half miles from the school facility of attendance.
35 (b) Kindergarten students, for purposes of computing the number of
36 eligible students under subdivision (a), item (i) of this paragraph, shall be
37 counted as full-time students, notwithstanding any other provision of law.
38 (c) Children with disabilities, as defined by section 15-761, who are
39 transported by or for the school district or who are admitted pursuant to
40 chapter 8, article 1.1 of this title and who qualify as full-time students or
41 fractional students regardless of location or residence within the school
42 district or children with disabilities whose transportation is required by
43 the pupil's individualized education program.

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

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

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

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

13. "Revenue control limit" means the base revenue control limit plus the transportation revenue control limit.

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

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

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

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

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

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

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

2. "Base level" means THE FOLLOWING AMOUNTS PLUS THE PERCENTAGE INCREASES TO THE BASE LEVEL AS PROVIDED IN SECTIONS 15-902.02, 15-918.04, 15-919.04 AND 15-952, EXCEPT THAT IF A SCHOOL DISTRICT OR CHARTER SCHOOL IS ELIGIBLE FOR AN INCREASE IN THE BASE LEVEL AS PROVIDED IN TWO OR MORE OF THESE SECTIONS, THE BASE LEVEL AMOUNT SHALL BE CALCULATED BY COMPOUNDING RATHER THAN ADDING THE SUM OF ONE PLUS THE PERCENTAGE OF THE INCREASE FROM THOSE DIFFERENT SECTIONS:

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

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

(c) For fiscal year 2009-2010, three thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

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

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

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

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

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

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

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

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

12. "Group B" means educational improvements for pupils in kindergarten programs and grades one through three, educational programs for autism, a hearing impairment, moderate mental retardation, multiple disabilities, multiple disabilities with severe sensory impairment, orthopedic impairments, preschool severe delay, severe mental retardation and emotional disabilities

for school age pupils enrolled in private special education programs or in school district programs for children with severe disabilities or visual impairment and English learners enrolled in a program to promote English language proficiency pursuant to section 15-752.

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

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

15. "K" means kindergarten programs.

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

17. "MD-R, A-R and SMR-R" means resource programs for pupils with multiple disabilities, autism and severe mental retardation.

18. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils with multiple disabilities, autism and severe mental retardation.

19. "MDSSI" means a program for pupils with multiple disabilities with severe sensory impairment.

20. "MOMR" means programs for pupils with moderate mental retardation.

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

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

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

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

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

26. "Small isolated school district" means a school district which meets all of the following:

1 (a) Has a student count of fewer than six hundred in kindergarten
2 programs and grades one through eight or grades nine through twelve.
3 (b) Contains no school which is fewer than thirty miles by the most
4 reasonable route from another school, or, if road conditions and terrain make
5 the driving slow or hazardous, fifteen miles from another school which
6 teaches one or more of the same grades and is operated by another school
7 district in this state.
8 (c) Is designated as a small isolated school district by the
9 superintendent of public instruction.
10 27. "Small school district" means a school district which meets all of
11 the following:
12 (a) Has a student count of fewer than six hundred in kindergarten
13 programs and grades one through eight or grades nine through twelve.
14 (b) Contains at least one school which is fewer than thirty miles by
15 the most reasonable route from another school which teaches one or more of
16 the same grades and is operated by another school district in this state.
17 (c) Is designated as a small school district by the superintendent of
18 public instruction.
19 28. "Transportation revenue control limit" means the transportation
20 revenue control limit computed as prescribed in section 15-946.
21 29. "Transportation support level" means the support level for pupil
22 transportation operating expenses as provided in section 15-945.
23 30. "VI" means programs for pupils with visual impairments.
24 31. "Voc. Ed." means career and technical education and vocational
25 education programs, as defined in section 15-781.
26 Sec. 7. Title 15, chapter 9, article 1, Arizona Revised Statutes, is
27 amended by adding section 15-901.05, to read:
28 15-901.05. Application of school finance changes
29 TO THE EXTENT PERMITTED BY THE CONSTITUTION OF ARIZONA, UNLESS
30 OTHERWISE SPECIFIED BY LAW, THE DEPARTMENT SHALL APPLY ANY CHANGE TO STATE
31 LAW THAT OCCURS AFTER THE EFFECTIVE DATE OF THIS SECTION AND THAT MODIFIES OR
32 IMPACTS THE SCHOOL FINANCE FORMULAS PRESCRIBED IN THIS TITLE, INCLUDING THE
33 BASE SUPPORT LEVEL, THE BASE REVENUE CONTROL LIMIT, THE TRANSPORTATION
34 SUPPORT LEVEL, THE TRANSPORTATION REVENUE CONTROL LIMIT, THE CAPITAL OUTLAY
35 REVENUE LIMIT, THE SOFT CAPITAL ALLOCATION, THE GENERAL BUDGET LIMIT, THE
36 UNRESTRICTED BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT, ON THE
37 EFFECTIVE DATE OF THAT CHANGE TO STATE LAW SO THAT IT APPLIES TO THE ENTIRE
38 FISCAL YEAR IN WHICH THE CHANGE BECAME EFFECTIVE.
39 Sec. 8. Section 15-903, Arizona Revised Statutes, is amended to read:
40 15-903. Budget format; prohibited expenditures
41 A. The superintendent of public instruction in conjunction with the
42 auditor general shall prepare and prescribe a budget format to be utilized by
43 all school districts.

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

C. The capital outlay section of the budget shall include separate subsections for unrestricted capital outlay and soft capital allocation. The soft capital allocation subsection shall include budgeted expenditures as prescribed in section 15-962. The unrestricted capital outlay subsection shall include budgeted expenditures for acquisitions by purchase, lease-purchase or lease of capital items as defined in the uniform system of financial records. These sections and subsections shall include:

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

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

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

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

5. Instructional aids.

6. Library books.

7. Payment of principal and interest on bonds.

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

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

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

2. School plant funds.

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

4. Property taxation, including the following:

(a) The primary tax rates for the school district for the current year and the budget year.

(b) The secondary tax rates for maintenance and operation, K-3 and capital overrides for the school district for the current year and the budget year.

(c) The secondary tax rates for class A bonds for the school district for the current year and the budget year.

(d) The secondary tax rates for class B bonds for the school district for the current year and the budget year.

5. A description of any corrections or adjustments made to the budget pursuant to section 15-915.

E. The budget format shall also contain:

1. A statement identifying proposed pupil-teacher ratios and pupil-staff ratios relating to the provision of special education services for the budget year.

2. A statement identifying the number of full-time equivalent certified employees.

~~3. If a governing board uses section 15-942 relating to the adjustment for rapid decline in student count, a statement identifying the actual per cent decline in student count and a statement identifying the additional allowable expenditures attributable to using the rapid decline provisions as provided in section 15-942.~~

F. The special projects section shall include budgeted expenditures for state special projects, including special adult projects, career education, deficiencies correction fund projects, building renewal fund projects and new school facilities fund projects, such federal special projects as ESEA title programs, vocational education and title IV Indian education, and other special projects.

G. A school district shall not make expenditures for campaign literature associated with school district or charter school officials. If the superintendent of public instruction determines that a school district has violated this subsection, the superintendent of public instruction may withhold any portion of the school district's apportionment of state aid.

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

Sec. 9. Section 15-913, Arizona Revised Statutes, is amended to read:

15-913. <u>Education program; juvenile detention centers</u>

A. Each county that operates a juvenile detention center shall offer an education program to serve all school-age children in its juvenile detention center. The county school superintendent and the presiding juvenile court judge in each county shall agree on the method of delivery of the juvenile detention center education program.

B. The state board of education shall prescribe standards and achievement testing requirements for county juvenile detention center education programs that shall attempt to ensure that the programs are compatible with public school education goals and requirements. The county school superintendent shall attempt to coordinate the program with each pupil's school district of residence to assist the pupil's transition back to the school district at the appropriate time.

C. A county may operate its juvenile detention center education program through an existing accommodation school.

D. If a county chooses not to operate its juvenile detention center education program through an existing accommodation school, the county school superintendent may establish a detention center education fund to provide financial support to the program. The detention center education fund for each program shall consist of a base amount plus a variable amount. For fiscal year 1994-1995 the base amount is twenty thousand dollars and the variable amount shall be determined pursuant to subsection E of this section. Beginning with fiscal year 1995-1996 the base amount is the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation. The base amount and variable amount for each county or counties served shall be funded with state general fund monies, subject to appropriation. The county school superintendent must submit claims for payments to the state superintendent of public instruction. The county school superintendent shall deposit the payments into the detention center education fund.

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each child who had been in the detention center for more than forty-eight hours received an instructional program of at least two hundred forty minutes. No school district may count a child as being in attendance in that school district on a day that the child is counted for the purposes of this paragraph.

2. Multiply the number of days determined under paragraph 1 of this subsection by the following amount:

(a) For fiscal year 1994-1995, fifteen dollars.

(b) For fiscal year 1995-1996 and thereafter, the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation.

3. For each child with a disability as defined in section 15-761 who had been in the detention center for more than forty-eight hours:

(a) Determine the amount prescribed in section 15-1204, subsection E, paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

(b) Divide the sum determined under subdivision (a) of this paragraph by one hundred seventy-five.

(c) Subtract the amount prescribed in paragraph 2, subdivision (a) or (b) of this subsection from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the child received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all children with disabilities.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county detention center education program serves more than one county, the county school superintendents and the presiding juvenile court judges of the counties being served shall agree on a county of jurisdiction. The county school superintendent shall deposit into the detention center education fund of the county of jurisdiction monies that are received from the superintendent of public instruction pursuant to this section for all counties served by the county of jurisdiction.

G. If a county operated a juvenile detention center education program through an accommodation school in the year before it begins to operate its juvenile detention center education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the student count attributable to the detention center program. ~~The provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 10. Section 15-913.01, Arizona Revised Statutes, is amended to read:

15-913.01. Education program; county jails

A. Each county that operates a county jail shall offer an education program to serve all prisoners who are under eighteen years of age and prisoners with disabilities who are age twenty-one or younger and who are confined in the county jail. The county school superintendent and the sheriff in each county shall agree on the method of delivery of the education program.

B. The county school superintendent shall develop policies and procedures for the transfer of educational records of any prisoner confined in a county jail who has been transferred from a juvenile detention center or from any other public agency ~~which~~ THAT has provided educational services to that prisoner.

C. A county may operate its county jail education program through an accommodation school that provides alternative education services pursuant to section 15-308, except that each pupil enrolled in the accommodation school county jail education program shall be funded at an amount equal to seventy-two per cent of the amount for that pupil if that pupil were enrolled in another accommodation school program.

D. If a county chooses not to operate its county jail education program through an accommodation school, the county school superintendent may establish a county jail education fund to provide financial support to the program. The county jail education fund for each program shall consist of a base amount plus a variable amount. For fiscal year 1999-2000 the base amount is fourteen thousand four hundred dollars and the variable amount shall be determined pursuant to subsection E of this section. The base amount and variable amount for each county or counties served shall be funded with state general fund monies, subject to appropriation. The county school superintendent must submit claims for payments to the state superintendent of public instruction. The county school superintendent shall deposit the payments into the county jail education fund.

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each pupil who is a prisoner and WHO had been in the county jail for more than forty-eight hours received an instructional program of at least two hundred forty minutes. No school district may count a pupil as being in attendance in that school district on a day that the pupil is counted as a prisoner for the purposes of this paragraph.

2. Multiply the number of days determined under paragraph 1 of this subsection by the following amount:

(a) For fiscal year 1999-2000, ten dollars eighty cents.

(b) For fiscal year 2000-2001 and each year thereafter, the amount for the prior year adjusted by any growth rate prescribed by law, subject to legislative appropriation.

3. For each pupil who is a child with a disability as defined in section 15-761, who is a prisoner and who had been in the county jail for more than forty-eight hours:

(a) Determine the amount prescribed in section 15-1204, subsection E, paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for capital outlay costs.

(b) Divide the sum determined under subdivision (a) of this paragraph by one hundred seventy-five.

(c) Subtract the amount prescribed in paragraph 2 of this subsection from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the pupil received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all pupils with disabilities who are prisoners.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county jail education program serves more than one county, the county school superintendents and the sheriffs of the counties being served shall agree on a county of jurisdiction. The county school superintendent shall deposit into the county jail education fund of the county of jurisdiction monies that are received from the superintendent of public instruction pursuant to this section for all counties served by the county of jurisdiction.

G. If a county operated a county jail education program through an accommodation school in the year before it begins to operate its county jail education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the average daily membership attributable to the accommodation school's county jail program in its last fiscal year of operation. ~~The provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 11. Section 15-951, Arizona Revised Statutes, is amended to read:

15-951. Revenue control limit, capital outlay revenue limit, soft capital allocation, district support level and student count for a common school district not within a high school district

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

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

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

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

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

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

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

C. Notwithstanding section 15-961, the capital outlay revenue limit for a common school district not within a high school district is the capital outlay revenue limit computed as prescribed in section 15-961 but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

D. Notwithstanding section 15-962, the soft capital allocation for a common school district not within a high school district is the soft capital allocation computed as prescribed in section 15-962 but excluding pupils who are both admitted to another school district as provided in section 15-824, subsection A, paragraph 2 and not transported by the common school district.

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

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

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

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

~~F. For the purpose of determining eligibility to adjust the student count as provided in section 15-942, the student count for a common school district not within a high school district is the student count for pupils in the school district less the student count for pupils enrolled in another school district as provided in section 15-824, subsection A, paragraph 2.~~

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

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

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

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

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

Sec. 12. Section 15-973, Arizona Revised Statutes, is amended to read:

15-973. Apportionment of funds; expenditure limitation

A. The state board of education shall apportion state aid from appropriations made for such purpose to the several counties on the basis of state aid entitlement for the school districts in each county. No allowance shall be made for nonresident alien children nor for wards of the United States for whom tuition is paid, but attendance of a student in a school of a county adjoining the county of his residence outside the state under a certificate of educational convenience as provided by section 15-825 shall be deemed to be enrollment in the school of the county or school district of his residence.

B. Apportionments shall be made as follows:

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

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

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

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

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

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

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

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

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

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

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

12. By the close of business on the last day of business of June, one-twelfth of the total amount to be apportioned during the fiscal year. The superintendent of public instruction shall furnish to the county treasurer and the county school superintendent an abstract of the apportionment and shall certify the apportionment to the department of administration, which shall draw its warrant in favor of the county treasurer of each county for the amount apportioned. Upon receipt of the warrant the county treasurer shall notify the county school superintendent of the amount,

1 together with any other monies standing to the credit of such school district
2 in the county school fund.
3 C. Notwithstanding subsection B of this section, if sufficient
4 appropriated funds are available and on a showing by a school district that
5 additional state monies are necessary for current expenses, an apportionment
6 or part of an apportionment of state aid may be paid to the school district
7 prior to the date set for such apportionment by subsection B of this section.
8 After the first forty days in session of the current year, a school district
9 may request additional state monies to fund the increased state aid due to
10 anticipated student growth through the first one hundred days or two hundred
11 days in session, as applicable, of the current year as provided in section
12 15-948. In no event shall a school district have received more than
13 three-fourths of its total apportionment before ~~April 30~~ MAY 1 of the fiscal
14 year. Early payments pursuant to this subsection must be approved by the
15 state treasurer, the director of the department of administration and the
16 superintendent of public instruction.
17 D. The superintendent of public instruction shall not make application
18 to the federal government to utilize title VIII of the elementary and
19 secondary education act of 1965 monies in determining the apportionment
20 prescribed in this section.
21 E. If a school district which is eligible to receive monies pursuant
22 to this article is unable to meet a scheduled payment on any lawfully
23 incurred long-term obligation for debt service as provided in section
24 15-1022, the county treasurer shall use any amount distributed pursuant to
25 this section to make the payment. The county treasurer shall keep a record
26 of all the instances in which a payment is made pursuant to this subsection.
27 Any monies subsequently collected by the district to make the scheduled
28 payment shall be used to replace the amount diverted pursuant to this
29 subsection. When determining the total amount to be funded by a levy of
30 secondary taxes upon property within the school district for the following
31 fiscal year, the county board of supervisors shall add to the amounts
32 budgeted to be expended during the following fiscal year an amount equal to
33 the total of all payments pursuant to this subsection during the current
34 fiscal year which were not repaid during the current year.
35 F. The total amount of state monies that may be spent in any fiscal
36 year by the state board of education for apportionment of state aid for
37 education shall not exceed the amount appropriated or authorized by section
38 35-173 for that purpose. This section shall not be construed to impose a
39 duty on an officer, agent or employee of this state to discharge a
40 responsibility or to create any right in a person or group if the discharge
41 or right would require an expenditure of state monies in excess of the
42 expenditure authorized by legislative appropriation for that specific
43 purpose.

Sec. 13. Section 15-1204, Arizona Revised Statutes, is amended to read:

15-1204. Voucher; application; approval; requirements; budgets; prohibited uses; advances

A. When an institution decides to place a person in an institutional special education program, the institution, upon application to and approval by the division of special education, shall have a permanent special education institutional voucher issued pursuant to this article to pay the special education instructional costs of the person at the institution.

B. When an institution decides to place a person who resides in the institution in a school special education program, the school, upon application to and approval by the division of special education, shall have a permanent special education institutional voucher issued pursuant to this article to pay the special education instructional costs of the person in the school.

C. No person residing in an institution and attending a school may have a certificate of educational convenience issued pursuant to section 15-825, subsection A.

D. The director of the division of special education shall develop requirements for the approval of vouchers, pursuant to this section, including the requirement that the person be educationally evaluated.

E. If approved, the voucher, in an amount not exceeding the sum of the following, shall be paid directly to the institution or deposited with the county treasurer to the credit of the school, with notice to the county school superintendent:

1. For group A, the base level multiplied by two.

2. For group B, the sum of the base for kindergarten through eight and the support level weight for the category, multiplied by the base level.

3. For both group A and group B, one hundred dollars for capital outlay costs and fifty dollars for transportation costs.

F. The budget format developed cooperatively between the department of economic security and the department of education pursuant to section 8-503 shall be used by the institutions to determine and segregate residential costs from educational instructional costs.

G. If sufficient appropriated monies are available and upon a showing by an institution that additional state monies are necessary for current expenses, an advance apportionment of state aid may be paid to an institution. In no event shall an institution have received more than three-fourths of its total apportionment under this section before ~~April 15~~ MAY 1 of the fiscal year. Early payments pursuant to this subsection must be approved by the state treasurer, the director of the department of administration and the superintendent of public instruction.

H. Notwithstanding subsection G of this section, when making the April payment to an institution, the department of education may include an additional amount based on an estimate of monies payable to the institution

in May. Before the department of education apportions monies to the institution in June, it shall adjust the June payment to account for any discrepancies between the monies actually paid in April and May and the amount which should have been paid. If an overpayment in May exceeds the total amount payable in June, the institution shall refund to the department of education an amount equal to the overpayment within sixty days of notification of the overpayment. If the overpayment is not refunded within sixty days by the institution, the superintendent of public instruction shall reduce the state aid entitlement to the institution for the succeeding fiscal year to recover any overpayment of state aid received during the current fiscal year.

I. Any special education institutional voucher issued pursuant to this article shall not be used in any school or institution that discriminates on the basis of race, religion, creed, color or national origin.

J. The state board of education may withhold state aid from an institution for noncompliance with any applicable statute or any applicable rule adopted by the state board.

Sec. 14. Section 15-1371, Arizona Revised Statutes, is amended to read:

15-1371. <u>Equalization assistance for state educational system for committed youth; state education fund for committed youth</u>

A. The superintendent of the state educational system for committed youth shall calculate a base support level as prescribed in section 15-943 and a capital outlay revenue limit as prescribed in section 15-961 for the educational system established pursuant to section 41-2831, except that:

1. Notwithstanding section 15-901:

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

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

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

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

(b) "Seriously emotionally disabled pupils enrolled in a school district program as provided in section 15-765" includes seriously emotionally disabled pupils enrolled in the department of juvenile corrections school system.

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

3. The teacher experience index is 1.00.

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

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

B. The superintendent may use sections 15-855~~, 15-942~~ and 15-948 in making the calculations prescribed in subsection A of this section, except that for the 1992-1993 fiscal year rapid decline shall not be used. The superintendent of the system and the department of education shall prescribe procedures for determining average daily attendance and average daily membership.

C. Equalization assistance for the state educational system for committed youth for the budget year is determined by adding the amount of the base support level and the capital outlay revenue limit for the budget year calculated as prescribed in subsection A of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15-1372. <u>Equalization assistance for state educational system for persons in the state department of corrections: fund</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

E. The director of the state department of corrections shall calculate a base support level as prescribed in section 15-943 and a capital outlay revenue limit as prescribed in section 15-961 for the educational services required by this section, except that:

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

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

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

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

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

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

3. The teacher experience index is 1.00.

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

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

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

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

F. The director of the state department of corrections may use sections 15-855~~, 15-942~~ and 15-948 in making the calculations prescribed in subsection E of this section. The director of the state department of corrections and the department of education shall prescribe procedures for calculating average daily attendance and average daily membership.

G. Equalization assistance for correctional education programs provided for those pupils specified in subsection A of this section is determined by adding the amount of the base support level and the capital outlay revenue limit for the budget year calculated as prescribed in subsection E of this section.

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

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

1. Provide for appropriate education to all committed youths as required by state and federal law.

2. Provide financial information to meet requirements for equalization assistance.

3. Provide for appropriate pupil intake and assessment procedures.

4. Require pupil performance assessment and the reporting of results.

Sec. 16. <u>Classroom site fund; budget capacity amount for fiscal year 2010-2011</u>

Notwithstanding section 15-977, subsection G, paragraph 1, Arizona Revised Statutes, for fiscal year 2010-2011 the budget capacity derived from the classroom site fund shall be one hundred twenty dollars per pupil.

Sec. 17. Spending level for teacher compensation in fiscal year 2011-2012

Notwithstanding the nonsupplanting requirements of section 15-977, subsection A, Arizona Revised Statutes, school districts and charter schools that use sources other than classroom site fund monies for teacher compensation in fiscal year 2010-2011 as a result of the adjustment for prior year shortfalls in the fiscal year 2010-2011 per pupil amount as calculated by the joint legislative budget committee pursuant to section 15-977, subsection G, paragraph 1, Arizona Revised Statutes, are not required to maintain this higher level of spending for teacher compensation from other sources in fiscal year 2011-2012.

Sec. 18. Appropriation; department of education; teacher certification fund; transfer to state general fund

A. The sum of $429,700 is appropriated from the state general fund in fiscal year 2010-2011 to the department of education for deposit in the teacher certification fund established by section 15-248.02, Arizona Revised Statutes, as added by this act, for expenses incurred in administering teacher certification.

B. No later than June 30, 2011, the department of education shall transfer $429,700 from the teacher certification fund to the state general fund.

Sec. 19. Conditional enactment

Section 15-808, Arizona Revised Statutes, as amended by this act, does not become effective unless House Bill 2129, forty-ninth legislature, second regular session, relating to Arizona online instruction, becomes law.

APPROVED BY THE GOVERNOR MAY 10, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 10, 2010.