Senate Engrossed House Bill

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 332

HOUSE BILL 2725

AN ACT

AMENDING TITLE 15, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-108; AMENDING SECTIONS 15-182 AND 15-183, ARIZONA REVISED STATUTES; AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 2; AMENDING SECTIONS 15-203, 15-213, 15-301 AND 15-341, ARIZONA REVISED STATUTES; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, FIRST REGULAR SESSION, CHAPTER 14, SECTION 2 AND CHAPTER 101, SECTION 3 AND LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTION 10; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; REPEALING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, FIRST REGULAR SESSION, CHAPTER 101, SECTION 4; AMENDING SECTIONS 15-533, 15-714.01, 15-816.01, 15-901, 15-905 AND 15-1024, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 10, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 12; AMENDING SECTION 15-1626, 15-1781, 15-1782, 15-1783, 15-1784, 15-1851 AND 35-512, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 32, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3508; AMENDING SECTION 43-1089.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2007, CHAPTER 283, SECTION 6; AMENDING LAWS 2007, CHAPTER 234, SECTION 5, AS AMENDED BY LAWS 2008, CHAPTER 111, SECTION 9; REPEALING LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTIONS 67 AND 70; RELATING TO EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 15, chapter 1, article 1, Arizona Revised Statutes, is amended by adding section 15-108, to read:

15-108. Recess policies

A. NO LATER THAN JANUARY 1, 2011, EACH SCHOOL DISTRICT GOVERNING BOARD AND THE GOVERNING BODY OF EACH CHARTER SCHOOL SHALL CONDUCT A PUBLIC MEETING TO CONSIDER THE ADOPTION OF A POLICY TO PROVIDE AT LEAST THIRTY TOTAL MINUTES OF RECESS EACH DAY FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH FIVE. EACH PARENT OR GUARDIAN OF A CHILD WHO IS ENROLLED IN THE SCHOOL DISTRICT OR CHARTER SCHOOL, AS APPLICABLE, SHALL BE PROVIDED NOTICE OF ANY PUBLIC MEETING CALLED PURSUANT TO THIS SUBSECTION AND SHALL BE PROVIDED AN OPPORTUNITY AT THE PUBLIC MEETING TO COMMENT ON THE PROPOSED POLICY. AFTER RECEIVING PUBLIC COMMENT, THE SCHOOL DISTRICT GOVERNING BOARD OR THE GOVERNING BODY OF THE CHARTER SCHOOL SHALL DISCUSS AND VOTE ON THE ADOPTION OF THE PROPOSED RECESS POLICY.

B. IF A RECESS POLICY IS ADOPTED PURSUANT TO SUBSECTION A:

1. THE RECESS REQUIREMENTS SHALL CONSIST OF STRUCTURED PHYSICAL ACTIVITY OUTSIDE OR INSIDE THE CLASSROOM.

2. PHYSICAL EDUCATION CLASSES MAY BE USED TO SATISFY THE RECESS REQUIREMENT.

3. UNSTRUCTURED RECESS TIME THAT OCCURS IMMEDIATELY AFTER LUNCH PERIODS DOES NOT SATISFY THE RECESS REQUIREMENT.

C. SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT DO NOT PROVIDE INSTRUCTION TO PUPILS IN KINDERGARTEN PROGRAMS OR GRADES ONE THROUGH FIVE ARE NOT REQUIRED TO CONDUCT A PUBLIC MEETING PURSUANT TO SUBSECTION A.

Sec. 2. Section 15-182, Arizona Revised Statutes, is amended to read:

15-182. State board for charter schools; membership; terms; compensation; duties

A. The state board for charter schools is established consisting of the following members:

1. The superintendent of public instruction or the superintendent's designee.

2. Six members of the general public, at least two of whom shall reside in a school district where at least sixty per cent of the children who attend school in the district meet the eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free lunches, and at least one of whom shall reside on an Indian reservation, who are appointed by the governor pursuant to section 38-211.

3. Two members of the business community who are appointed by the governor pursuant to section 38-211.

4. A teacher who provides classroom instruction at a charter school and who is appointed by the governor pursuant to section 38-211.

5. An operator of a charter school who is appointed by the governor pursuant to section 38-211.

6. Three members of the legislature who shall serve as advisory members and who are appointed jointly by the president of the senate and the speaker of the house of representatives.

B. The superintendent of public instruction shall serve a term on the state board for charter schools that runs concurrently with the superintendent's term of office. The members appointed pursuant to subsection A, paragraph 6 of this section shall serve two year terms on the state board for charter schools that begin and end on the third Monday in January and that run concurrently with their respective terms of office. Members appointed pursuant to subsection A, paragraphs 2, 3, 4 and 5 of this section shall serve staggered four year terms that begin and end on the third Monday in January.

C. The state board for charter schools shall annually elect a president and such other officers as it deems necessary from among its membership.

D. Members of the state board for charter schools are not eligible to receive compensation but are eligible for reimbursement of expenses pursuant to title 38, chapter 4, article 2.

E. The state board for charter schools shall:

1. Exercise general supervision over charter schools sponsored by the board and recommend legislation pertaining to charter schools to the legislature.

2. Grant charter status to qualifying applicants for charter schools pursuant to section 15-183.

3. Adopt and use an official seal in the authentication of its acts.

4. Keep a record of its proceedings.

5. Adopt rules for its own government.

6. Determine the policy of the board and the work undertaken by it.

7. Delegate to the superintendent of public instruction the execution of board policies.

8. Prepare a budget for expenditures necessary for the proper maintenance of the board and the accomplishment of its purpose.

F. The state board for charter schools may:

1. Contract.

2. Sue and be sued.

3. USE THE SERVICES OF THE AUDITOR GENERAL.

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

15-183. <u>Charter schools; application; requirements; immunity; exemptions; renewal of application; reprisal</u>

A. An applicant seeking to establish a charter school shall submit a written application to a proposed sponsor as prescribed in subsection C of this section. The application shall include a detailed business plan for the charter school and may include a mission statement for the charter school, a description of the charter school's organizational structure and the governing body, a financial plan for the first three years of operation of

the charter school, a description of the charter school's hiring policy, the name of the charter school's applicant or applicants and requested sponsor, a description of the charter school's facility and the location of the school, a description of the grades being served and an outline of criteria designed to measure the effectiveness of the school.

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

C. The sponsor of a charter school may be either a school district governing board, the state board of education, ~~or~~ the state board for charter schools, A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS, A COMMUNITY COLLEGE DISTRICT WITH ENROLLMENT OF MORE THAN FIFTEEN THOUSAND FULL-TIME EQUIVALENT STUDENTS OR A GROUP OF COMMUNITY COLLEGE DISTRICTS WITH A COMBINED ENROLLMENT OF MORE THAN FIFTEEN THOUSAND FULL-TIME EQUIVALENT STUDENTS, subject to the following requirements:

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

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

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

(c) In the second consecutive year that a school district is determined to be out of compliance with the uniform system of financial records, within fifteen days of the determination of noncompliance, the school district shall notify by certified mail each charter school sponsored by the school district that the school district is out of compliance with the uniform system of financial records. A charter school that receives a notification of school district noncompliance pursuant to this subdivision shall file a written sponsorship transfer application within forty-five days with the state board of education, the state board for charter schools or the school district governing board if the charter school is located within the geographic boundaries of that school district. A charter school that

receives a notification of school district noncompliance may request an extension of time to file a sponsorship transfer application, and the state board of education, the state board for charter schools or a school district governing board may grant an extension of not more than an additional thirty days if good cause exists for the extension. The state board of education and the state board for charter schools shall approve a sponsorship transfer application pursuant to this paragraph.

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

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

2. The applicant may submit the application to the state board of education or the state board for charter schools. The state board of education or the state board for charter schools may approve the application if the application meets the requirements of this article and may approve the charter if the proposed sponsor determines, within its sole discretion, that the applicant is sufficiently qualified to operate a charter school. The state board of education or the state board for charter schools may approve any charter schools transferring charters. The state board of education and the state board for charter schools shall approve any charter schools transferring charters from a school district that is determined to be out of compliance with the uniform system of financial records pursuant to this section, but may require the charter school to sign a new charter that is equivalent to the charter awarded by the former sponsor. If the state board of education or the state board for charter schools rejects the preliminary application, the state board of education or the state board for charter schools shall notify the applicant in writing of the reasons for the rejection and of suggestions for improving the application. An applicant may submit a revised application for reconsideration by the state board of education or the state board for charter schools. The applicant may request, and the state board of education or the state board for charter schools may provide, technical assistance to improve the application.

3. THE APPLICANT MAY SUBMIT THE APPLICATION TO A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS. A UNIVERSITY, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS MAY APPROVE THE APPLICATION IF IT MEETS THE REQUIREMENTS OF THIS ARTICLE AND IF THE PROPOSED SPONSOR DETERMINES, IN ITS SOLE DISCRETION, THAT THE APPLICANT IS SUFFICIENTLY QUALIFIED TO OPERATE A CHARTER SCHOOL.

~~3.~~ 4. Each applicant seeking to establish a charter school shall submit a full set of fingerprints to the approving agency for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. If an applicant will have direct contact with

students, the applicant shall possess a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. The criminal records check shall be completed before the issuance of a charter.

~~4.~~ 5. All persons engaged in instructional work directly as a classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist or principal shall have a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1, unless the person is a volunteer or guest speaker who is accompanied in the classroom by a person with a valid fingerprint clearance card. A charter school shall not employ a teacher whose certificate has been revoked for a violation of section 15-507 or 15-550 or for any offense that placed a pupil in danger. All other personnel shall be fingerprint checked pursuant to section 15-512. Before employment, the charter school shall make documented, good faith efforts to contact previous employers of a person to obtain information and recommendations that may be relevant to a person's fitness for employment as prescribed in section 15-512, subsection F. The charter school shall notify the department of public safety if the charter school or sponsor receives credible evidence that a person who possesses a valid fingerprint clearance card is arrested for or is charged with an offense listed in section 41-1758.03, subsection B. Charter schools may hire personnel that have not yet received a fingerprint clearance card if proof is provided of the submission of an application to the department of public safety for a fingerprint clearance card and if the charter school that is seeking to hire the applicant does all of the following:

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

(b) Ensures that the department of public safety completes a statewide criminal records check on the applicant. A statewide criminal records check shall be completed by the department of public safety every one hundred twenty days until the date that the fingerprint check is completed.

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

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

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

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

~~5.~~ 6. A charter school that complies with the fingerprinting requirements of this section shall be deemed to have complied with section

15-512 and is entitled to the same rights and protections provided to school districts by section 15-512.

~~6.~~ 7. If a charter school operator is not already subject to a public meeting or hearing by the municipality in which the charter school is located, the operator of a charter school shall conduct a public meeting at least thirty days before the charter school operator opens a site or sites for the charter school. The charter school operator shall post notices of the public meeting in at least three different locations that are within three hundred feet of the proposed charter school site.

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

~~8.~~ 9. A person who is employed by a charter school and who is convicted of any nonappealable offense listed in section 41-1758.03, subsection B or is convicted of any nonappealable offense that amounts to unprofessional conduct under section 15-550 shall immediately do all of the following:

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

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

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

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

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

E. The charter of a charter school shall ensure the following:

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

2. That it is nonsectarian in its programs, admission policies and employment practices and all other operations.

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

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

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

6. That, except as provided in this article, it is subject to the same financial and electronic data submission requirements as a school district, including the uniform system of financial records as prescribed in chapter 2, article 4 of this title, procurement rules as prescribed in section 15-213 and audit requirements. The auditor general shall conduct a comprehensive review and revision of the uniform system of financial records to ensure that the provisions of the uniform system of financial records that relate to charter schools are in accordance with commonly accepted accounting principles used by private business. A school's charter may include exceptions to the requirements of this paragraph that are necessary as determined by the district governing board, the state board of education or the state board for charter schools. The department of education or the office of the auditor general may conduct financial, program or compliance audits.

7. Compliance with all federal and state laws relating to the education of children with disabilities in the same manner as a school district.

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

9. That it provides a minimum of one hundred seventy-five instructional days before June 30 of each fiscal year unless it is operating on an alternative calendar approved by its sponsor. The superintendent of public instruction shall adjust the apportionment schedule accordingly to accommodate a charter school utilizing an alternative calendar.

F. The charter of a charter school shall include a description of the charter school's personnel policies, personnel qualifications and method of school governance and the specific role and duties of the sponsor of the charter school. A charter school shall keep on file the resumes of all current and former employees who provide instruction to pupils at the charter school. Resumes shall include an individual's educational and teaching background and experience in a particular academic content subject area. A charter school shall inform parents and guardians of the availability of the

resume information and shall make the resume information available for inspection on request of parents and guardians of pupils enrolled at the charter school. Nothing in this subsection shall be construed to require any charter school to release personally identifiable information in relation to any teacher or employee, including the teacher's or employee's address, salary, social security number or telephone number.

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

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

I. An approved plan to establish a charter school is effective for fifteen years from the first day of the fiscal year the charter school is in operation, subject to the following:

1. At least eighteen months before the expiration of the approved plan, the sponsor shall notify the charter school that the charter school may apply for renewal. A charter school that elects to apply for renewal shall file an application for renewal at least fifteen months before the expiration of the approved plan. In addition to any other requirements, the application for renewal shall include a detailed business plan for the charter school, a review of fiscal audits and academic performance data for the charter school that are annually collected by the sponsor and a review of the current contract between the sponsor and the charter school. The sponsor may deny the request for renewal if, in its judgment, the charter school has failed to complete the obligations of the contract or has failed to comply with this article. A sponsor shall give written notice of its intent not to renew the charter school's request for renewal to the charter school at least twelve months before the expiration of the approved plan to allow the charter school an opportunity to apply to another sponsor to transfer the operation of the charter school. If the operation of the charter school is transferred to another sponsor, the fifteen year period of the current charter shall be maintained.

2. A charter operator may apply for early renewal. At least nine months before the charter school's intended renewal consideration, the operator of the charter school shall submit a letter of intent to the sponsor to apply for early renewal. The sponsor shall review fiscal audits and academic performance data for the charter school that are annually collected by the sponsor, review the current contract between the sponsor and the charter school and provide the qualifying charter school with a renewal application. On submission of a complete application, the sponsor shall give written notice of its consideration of the renewal application.

3. A sponsor shall review a charter at five year intervals and may revoke a charter at any time if the charter school breaches one or more provisions of its charter. At least ninety days before the effective date of the proposed revocation the sponsor shall give written notice to the operator of the charter school of its intent to revoke the charter. Notice of the sponsor's intent to revoke the charter shall be delivered personally to the

operator of the charter school or sent by certified mail, return receipt requested, to the address of the charter school. The notice shall incorporate a statement of reasons for the proposed revocation of the charter. The sponsor shall allow the charter school at least ninety days to correct the problems associated with the reasons for the proposed revocation of the charter. The final determination of whether to revoke the charter shall be made at a public hearing called for such purpose.

J. The charter may be renewed for successive periods of twenty years if the sponsor deems that the school is in compliance with its own charter and this article.

K. A charter school that is sponsored by the state board of education, ~~or~~ the state board for charter schools, A UNIVERSITY, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS may not be located on the property of a school district unless the district governing board grants this authority.

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

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

(a) Disciplinary or corrective action.

(b) Detail, transfer or reassignment.

(c) Suspension, demotion or dismissal.

(d) An unfavorable performance evaluation.

(e) A reduction in pay, benefits or awards.

(f) Elimination of the employee's position without a reduction in force by reason of lack of monies or work.

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

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

(a) Suspension or termination of the program.

(b) Transfer or reassignment of the program to a less favorable department.

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

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

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

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

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

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

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

R. The sponsoring entity of a charter school shall have oversight and administrative responsibility for the charter schools that it sponsors.

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

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

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

V. A transfer of a charter to another sponsor, a transfer of a charter school site to another sponsor or a transfer of a charter school site to a

different charter shall be completed before the beginning of the fiscal year that the transfer is scheduled to become effective. An entity that sponsors charter schools may accept a transferring school after the beginning of the fiscal year if the transfer is approved by the superintendent of public instruction. The superintendent of public instruction shall have the discretion to consider each transfer during the fiscal year on a case by case basis. If a charter school is sponsored by a school district that is determined to be out of compliance with this title, the uniform system of financial records or any other state or federal law, the charter school may transfer to another sponsoring entity at any time during the fiscal year.

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

X. Charter schools may enter into an intergovernmental agreement with a presiding judge of the juvenile court to implement a law related education program as defined in section 15-154. The presiding judge of the juvenile court may assign juvenile probation officers to participate in a law related education program in any charter school in the county. The cost of juvenile probation officers who participate in the program implemented pursuant to this ~~paragraph~~ SUBSECTION shall be funded by the charter school.

Sec. 4. 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, A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS.

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. A

UNIVERSITY, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS are as follows:

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that sections 15-941 and 15-942 do 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, THE SPONSORING UNIVERSITY, THE SPONSORING COMMUNITY COLLEGE DISTRICT OR THE SPONSORING GROUP OF COMMUNITY COLLEGE DISTRICTS 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, A UNIVERSITY, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS, 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, A UNIVERSITY, A COMMUNITY COLLEGE DISTRICT, A GROUP OF COMMUNITY COLLEGE DISTRICTS 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 the same educational services to the charter school as prescribed in section 15-308, subsection A. The county school superintendent may charge a fee to recover costs for providing educational services to charter schools.

H. If the sponsor of the charter school determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter, the sponsor of a charter school may submit a request to the department of education to withhold up to ten per cent of the monthly apportionment of state aid that would otherwise be due the charter school. The department of education shall adjust the charter school's apportionment accordingly. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. The charter school shall submit a corrective action plan to the sponsor on a date specified by the sponsor at the meeting. The corrective action plan shall be designed to correct deficiencies at the charter school and to ensure that the charter school

promptly returns to compliance. When the sponsor determines that the charter school is in compliance, the department of education shall restore the full amount of state aid payments to the charter school.

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

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

K. If a school district transports or contracts to transport pupils to 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. NOTWITHSTANDING ANY OTHER LAW, A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS, A COMMUNITY COLLEGE DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS SHALL NOT INCLUDE ANY STUDENT IN THE STUDENT COUNT OF THE UNIVERSITY, COMMUNITY COLLEGE DISTRICT OR GROUP OF COMMUNITY COLLEGE DISTRICTS FOR STATE FUNDING PURPOSES IF THAT STUDENT IS ENROLLED IN AND ATTENDING A CHARTER SCHOOL SPONSORED BY THE UNIVERSITY, COMMUNITY COLLEGE DISTRICT OR GROUP OF COMMUNITY COLLEGE DISTRICTS.

M. THE GOVERNING BODY OF A CHARTER SCHOOL SHALL TRANSMIT A COPY OF ITS PROPOSED BUDGET OR THE SUMMARY OF THE PROPOSED BUDGET AND A NOTICE OF THE PUBLIC HEARING TO THE DEPARTMENT OF EDUCATION FOR POSTING ON THE DEPARTMENT

OF EDUCATION'S WEBSITE NO LATER THAN TEN DAYS BEFORE THE HEARING AND MEETING. IF THE CHARTER SCHOOL MAINTAINS A WEBSITE, THE CHARTER SCHOOL GOVERNING BODY SHALL POST ON ITS WEBSITE A COPY OF ITS PROPOSED BUDGET OR THE SUMMARY OF THE PROPOSED BUDGET AND A NOTICE OF THE PUBLIC HEARING.

~~L.~~ N. 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. 5. Section 15-203, Arizona Revised Statutes, is amended to read:

15-203. Powers and duties

A. The state board of education shall:

1. Exercise general supervision over and regulate the conduct of the public school system and adopt any rules and policies it deems necessary to accomplish this purpose.

2. Keep a record of its proceedings.

3. Make rules for its own government.

4. Determine the policy and work undertaken by it.

5. Appoint its employees, on the recommendation of the superintendent of public instruction.

6. Prescribe the duties of its employees if not prescribed by statute.

7. Delegate to the superintendent of public instruction the execution of board policies and rules.

8. Recommend to the legislature changes or additions to the statutes pertaining to schools.

9. Prepare, publish and distribute reports concerning the educational welfare of this state.

10. Prepare a budget for expenditures necessary for proper maintenance of the board and accomplishment of its purposes and present the budget to the legislature.

11. Aid in the enforcement of laws relating to schools.

12. Prescribe a minimum course of study in the common schools, minimum competency requirements for the promotion of pupils from the third grade and minimum course of study and competency requirements for the promotion of pupils from the eighth grade. The state board of education shall prepare a fiscal impact statement of any proposed changes to the minimum course of study or competency requirements and, on completion, shall send a copy to the

director of the joint legislative budget committee and the executive director of the school facilities board. The state board of education shall not adopt any changes in the minimum course of study or competency requirements in effect on July 1, 1998 that will have a fiscal impact on school capital costs.

13. Prescribe minimum course of study and competency requirements for the graduation of pupils from high school. The state board of education shall prepare a fiscal impact statement of any proposed changes to the minimum course of study or competency requirements and, on completion, shall send a copy to the director of the joint legislative budget committee and the executive director of the school facilities board. The state board of education shall not adopt any changes in the minimum course of study or competency requirements in effect on July 1, 1998 that will have a fiscal impact on school capital costs.

14. Supervise and control the certification of persons engaged in instructional work directly as any classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist, principal or superintendent in a school district, including school district preschool programs, or any other educational institution below the community college, college or university level, and prescribe rules for certification, including rules for certification of teachers who have teaching experience and who are trained in other states, which are not unnecessarily restrictive and are substantially similar to the rules prescribed for the certification of teachers trained in this state. The rules shall require applicants for all certificates for common school instruction to complete a minimum of forty-five classroom hours or three college level credit hours, or the equivalent, of training in research based systematic phonics instruction from a public or private provider. The rules shall not require a teacher to obtain a master's degree or to take any additional graduate courses as a condition of certification or recertification. The rules shall allow a general equivalency diploma to be substituted for a high school diploma in the certification of emergency substitute teachers. The rules shall allow but shall not require the superintendent of a school district to obtain certification from the state board of education.

15. Adopt a list of approved tests for determining special education assistance to gifted pupils as defined in and as provided in chapter 7, article 4.1 of this title. The adopted tests shall provide separate scores for quantitative reasoning, verbal reasoning and nonverbal reasoning and shall be capable of providing reliable and valid scores at the highest ranges of the score distribution.

16. Adopt rules governing the methods for the administration of all proficiency examinations.

17. Adopt proficiency examinations for its use. The state board of education shall determine the passing score for the proficiency examination.

18. Include within its budget the cost of contracting for the purchase, distribution and scoring of the examinations as provided in paragraphs 16 and 17 of this subsection.

19. Supervise and control the qualifications of professional nonteaching school personnel and prescribe standards relating to qualifications. The standards shall not require the business manager of a school district to obtain certification from the state board of education.

20. Impose such disciplinary action, including the issuance of a letter of censure, suspension, suspension with conditions or revocation of a certificate, upon a finding of immoral or unprofessional conduct.

21. Establish an assessment, data gathering and reporting system for pupil performance as prescribed in chapter 7, article 3 of this title.

22. Adopt a rule to promote braille literacy pursuant to section 15-214.

23. Adopt rules prescribing procedures for the investigation by the department of education of every written complaint alleging that a certificated person has engaged in immoral conduct.

24. For purposes of federal law, serve as the state board for vocational and technological education and meet at least four times each year solely to execute the powers and duties of the state board for vocational and technological education.

25. Develop and maintain a handbook for use in the schools of this state that provides guidance for the teaching of moral, civic and ethical education. The handbook shall promote existing curriculum frameworks and shall encourage school districts to recognize moral, civic and ethical values within instructional and programmatic educational development programs for the general purpose of instilling character and ethical principles in pupils in kindergarten programs and grades one through twelve.

26. Require pupils to recite the following passage from the declaration of independence for pupils in grades four through six at the commencement of the first class of the day in the schools, except that a pupil shall not be required to participate if the pupil or the pupil's parent or guardian objects:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. . . .

27. Adopt rules that provide for teacher certification reciprocity. The rules shall provide for a one year reciprocal teaching certificate with minimum requirements, including valid teacher certification from a state with substantially similar criminal history or teacher fingerprinting requirements and proof of the submission of an application for a fingerprint clearance card pursuant to title 41, chapter 12, article 3.1.

28. Adopt rules that provide for the presentation of an honorary high school diploma to a person who has never obtained a high school diploma and who meets both of the following requirements:

(a) Currently resides in this state.

(b) Provides documented evidence from the Arizona department of veterans' services that the person enlisted in the armed forces of the United States and served in World War I, World War II, the Korean conflict or the Vietnam conflict.

29. Cooperate with the Arizona-Mexico commission in the governor's office and with researchers at universities in this state to collect data and conduct projects in the United States and Mexico on issues that are within the scope of the duties of the department of education and that relate to quality of life, trade and economic development in this state in a manner that will help the Arizona-Mexico commission to assess and enhance the economic competitiveness of this state and of the Arizona-Mexico region.

30. Adopt rules to define and provide guidance to schools as to the activities that would constitute immoral or unprofessional conduct of certificated persons.

31. Adopt guidelines to encourage pupils in grades nine, ten, eleven and twelve to volunteer for twenty hours of community service before graduation from high school. A school district that complies with the guidelines adopted pursuant to this paragraph is not liable for damages resulting from a pupil's participation in community service unless the school district is found to have demonstrated wanton or reckless disregard for the safety of the pupil and other participants in community service. For the purposes of this paragraph, "community service" may include service learning. The guidelines shall include the following:

(a) A list of the general categories in which community service may be performed.

(b) A description of the methods by which community service will be monitored.

(c) A consideration of risk assessment for community service projects.

(d) Orientation and notification procedures of community service opportunities for pupils entering grade nine, including the development of a notification form. The notification form shall be signed by the pupil and the pupil's parent or guardian, except that a pupil shall not be required to participate in community service if the parent or guardian notifies the principal of the pupil's school in writing that the parent or guardian does not wish the pupil to participate in community service.

(e) Procedures for a pupil in grade nine to prepare a written proposal that outlines the type of community service that the pupil would like to perform and the goals that the pupil hopes to achieve as a result of community service. The pupil's written proposal shall be reviewed by a faculty advisor, a guidance counselor or any other school employee who is designated as the community service program coordinator for that school. The

pupil may alter the written proposal at any time before performing community service.

(f) Procedures for a faculty advisor, a guidance counselor or any other school employee who is designated as the community service program coordinator to evaluate and certify the completion of community service performed by pupils.

32. To facilitate the transfer of military personnel and their dependents to and from the public schools of this state, pursue, in cooperation with the Arizona board of regents, reciprocity agreements with other states concerning the transfer credits for military personnel and their dependents. A reciprocity agreement entered into pursuant to this paragraph shall:

(a) Address procedures for each of the following:

(i) The transfer of student records.

(ii) Awarding credit for completed course work.

(iii) Permitting a student to satisfy the graduation requirements prescribed in section 15-701.01 through the successful performance on comparable exit-level assessment instruments administered in another state.

(b) Include appropriate criteria developed by the state board of education and the Arizona board of regents.

33. Adopt guidelines that school district governing boards shall use in identifying pupils who are eligible for gifted programs and in providing gifted education programs and services. The state board of education shall adopt any other guidelines and rules that it deems necessary in order to carry out the purposes of chapter 7, article 4.1 of this title.

34. For each of the alternative textbook formats of human-voiced audio, large-print and braille, designate alternative media producers to adapt existing standard print textbooks or to provide specialized textbooks, or both, for pupils with disabilities in this state. Each alternative media producer shall be capable of producing alternative textbooks in all relevant subjects in at least one of the alternative textbook formats. The board shall post the designated list of alternative media producers on its website.

35. Adopt a list of approved professional development training providers for use by school districts as provided in section 15-107, subsection J. The professional development training providers shall meet the training curriculum requirements determined by the state board of education in at least the areas of school finance, governance, employment, staffing, inventory and human resources, internal controls and procurement.

36. Adopt rules to prohibit a person who violates the notification requirements prescribed in section 15-183, subsection C, paragraph ~~7~~ 8 or section 15-550, subsection C from certification pursuant to this title until the person is no longer charged or is acquitted of any offenses listed in section 41-1758.03, subsection B. The board shall also adopt rules to prohibit a person who violates the notification requirements, certification surrender requirements or fingerprint clearance card surrender requirements

prescribed in section 15-183, subsection C, paragraph ~~8~~ 9 or section 15-550, subsection D from certification pursuant to this title for at least ten years after the date of the violation.

37. Adopt rules for the alternative certification of teachers of nontraditional foreign languages that allow for the passing of a nationally accredited test to substitute for the education coursework required for certification.

B. The state board of education may:

1. Contract.

2. Sue and be sued.

3. Distribute and score the tests prescribed in chapter 7, article 3 of this title.

4. Provide for an advisory committee to conduct hearings and screenings to determine whether grounds exist to impose disciplinary action against a certificated person, whether grounds exist to reinstate a revoked or surrendered certificate and whether grounds exist to approve or deny an initial application for certification or a request for renewal of a certificate. The board may delegate its responsibility to conduct hearings and screenings to its advisory committee. Hearings shall be conducted pursuant to title 41, chapter 6, article 6.

5. Proceed with the disposal of any complaint requesting disciplinary action or with any disciplinary action against a person holding a certificate as prescribed in subsection A, paragraph 14 of this section after the suspension or expiration of the certificate or surrender of the certificate by the holder.

6. Assess costs and reasonable attorney fees against a person who files a frivolous complaint or who files a complaint in bad faith. Costs assessed pursuant to this paragraph shall not exceed the expenses incurred by the state board in the investigation of the complaint.

Sec. 6. Section 15-213, Arizona Revised Statutes, is amended to read:

15-213. <u>Procurement practices of school districts and charter schools; definitions</u>

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

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

specifying that school districts are not required to engage in competitive bidding in order to make the decision to participate in programs pursuant to section 15-382 and that a program authorized by section 15-382 is not required to engage in competitive bidding for the services necessary to administer the program or for purchase of insurance or reinsurance. The rules shall include provisions specifying that school districts are not required to engage in competitive bidding in order to place a pupil in a private school that provides special education services if such placement is prescribed in the pupil's individualized education program and the private school has been approved by the department of education division of special education pursuant to section 15-765, subsection D. THIS PLACEMENT IS NOT SUBJECT TO RULES ADOPTED BY THE STATE BOARD OF EDUCATION BEFORE NOVEMBER 24, 2009 PURSUANT TO THIS SECTION. The rules for procurement of construction projects shall include provisions specifying that surety bonds furnished as bid security and performance and payment bonds shall be executed and furnished as required by title 34, chapter 2 or 6, as applicable. The rules shall specify the total cost of a procurement that is subject to invitations for bids, requests for proposals and requests for clarification, ~~. The state board shall not exceed~~ USING the aggregate dollar amount limits for procurements prescribed in section 41-2535.

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

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

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

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

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

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

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

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

another state is against this state's public policy and is void and unenforceable.

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

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

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

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

B. After the bids submitted in response to an invitation for bids are opened and the award is made or after the proposals or qualifications are submitted in response to a request for proposals or a request for qualifications and the award is made, the governing board shall make available for public inspection all information, all bids, proposals and qualifications submitted and all findings and other information considered in determining whose bid conforms to the invitation for bids and will be the most advantageous with respect to price, conformity to the specifications and other factors or whose proposal or qualifications are to be selected for the award. The invitation for bids, request for proposals or request for qualifications shall include a notice that all information and bids, proposals and qualifications submitted will be made available for public inspection. The rules adopted by the state board shall prohibit the use in connection with procurement of specifications in any way proprietary to one supplier unless the specification includes all of the following:

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

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

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

C. No project or purchase may be divided or sequenced into separate projects or purchases in order to avoid the limits prescribed by the state board under subsection A of this section.

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

E. The auditor general may conduct discretionary reviews, investigations and audits of the financial and operational procurement activities of school districts, nonexempt charter schools and school purchasing cooperatives. The auditor general has final review and approval authority over all school district, nonexempt charter school and school purchasing cooperative audit contracts and any audit reports issued in accordance with this section.

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

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

H. The department of education shall enact policies and procedures for the acceptance and disposition of complaints from the public regarding school

procurement practices and shall forward all school procurement complaints to the attorney general. NOTWITHSTANDING RULES ADOPTED BY THE STATE BOARD, SCHOOL DISTRICTS SHALL NOT BE REQUIRED TO PREPARE OR SUBMIT AN ANNUAL REPORT ON THE BENEFITS ASSOCIATED WITH THE USE OF CONSTRUCTION-MANAGER-AT-RISK, DESIGN-BUILD, QUALIFIED SELECT BIDDERS LIST AND JOB-ORDER-CONTRACTING METHODS.

I. The state board of education shall adopt, and the auditor general shall review, rules authorizing school districts to procure construction services by construction-manager-at-risk, design-build, qualified select bidders list and job-order-contracting methods of project delivery.

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

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

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

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

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

K. For the purposes of this section:

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

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

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

Sec. 7. Section 15-301, Arizona Revised Statutes, is amended to read:

15-301. <u>Office of county school superintendent; qualifications; travel expenses</u>

A. A person is eligible for election as county school superintendent if the person holds a basic or standard certificate to teach in the schools of this state.

B. In addition to the salary allowed by law, the county school superintendent is eligible for reimbursement of travel expenses.

C. The office of county school superintendent is designated as a local education ~~service~~ agency for the purpose of serving as an education service agency that is eligible to receive and spend local, state and federal monies to provide programs and services to school districts and charter schools within that county.

D. The office of county school superintendent shall be under the jurisdiction of the elected county school superintendent.

Sec. 8. Section 15-341, Arizona Revised Statutes, is amended to read:

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

A. The governing board shall:

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

2. Exclude from schools all books, publications, papers or audiovisual materials of a sectarian, partisan or denominational character.

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

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

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

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

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

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

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

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

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

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

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

14. Except as provided in section 15-1224, deposit all monies received by the district as gifts, grants and devises with the county treasurer who shall credit the deposits as designated in the uniform system of financial records. If not inconsistent with the terms of the gifts, grants and devises

given, any balance remaining after expenditures for the intended purpose of the monies have been made shall be used for reduction of school district taxes for the budget year, except that in the case of accommodation schools the county treasurer shall carry the balance forward for use by the county school superintendent for accommodation schools for the budget year.

15. Provide that, if a parent or legal guardian chooses not to accept a decision of the teacher as provided in section 15-521, paragraph 2, the parent or legal guardian may request in writing that the governing board review the teacher's decision. Nothing in this paragraph shall be construed to release school districts from any liability relating to a child's promotion or retention.

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

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

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

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

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

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

22. Prescribe and enforce policies and procedures for disciplinary action against an administrator who engages in conduct that is a violation of

the policies of the governing board regarding duties of administrators but that is not cause for dismissal of the administrator or for revocation of the certificate of the administrator. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters. For violations that are cause for dismissal, the provisions of notice, hearing and appeal in chapter 5, article 3 of this title shall apply. The filing of a timely request for a hearing suspends the imposition of a suspension without pay or a dismissal pending completion of the hearing.

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

24. Prescribe and enforce policies and procedures relating to the health and safety of all pupils participating in district sponsored practice sessions, games or other interscholastic athletic activities, including the provision of water.

25. Prescribe and enforce policies and procedures regarding the smoking of tobacco within school buildings. The policies and procedures shall be adopted in consultation with school district personnel and members of the community and shall state whether smoking is prohibited in school buildings. If smoking in school buildings is not prohibited, the policies and procedures shall clearly state the conditions and circumstances under which smoking is permitted, those areas in a school building that may be designated as smoking areas and those areas in a school building that may not be designated as smoking areas.

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

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

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

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

30. Keep on file the resumes of all current and former employees who provide instruction to pupils at a school. Resumes shall include an individual's educational and teaching background and experience in a particular academic content subject area. A school district shall inform

1 parents and guardians of the availability of the resume information and shall
2 make the resume information available for inspection on request of parents
3 and guardians of pupils enrolled at a school. Nothing in this paragraph
4 shall be construed to require any school to release personally identifiable
5 information in relation to any teacher or employee, including the teacher's
6 or employee's address, salary, social security number or telephone number.
7 31. Report to local law enforcement agencies any suspected crime
8 against a person or property that is a serious offense as defined in section
9 13-706 or that involves a deadly weapon or dangerous instrument or serious
10 physical injury and any conduct that poses a threat of death or serious
11 physical injury to employees, students or anyone on the property of the
12 school. This paragraph does not limit or preclude the reporting by a school
13 district or an employee of a school district of suspected crimes other than
14 those required to be reported by this paragraph. For the purposes of this
15 paragraph, "dangerous instrument", "deadly weapon" and "serious physical
16 injury" have the same meanings prescribed in section 13-105.
17 32. In conjunction with local law enforcement agencies and local
18 medical facilities, develop an emergency response plan for each school in the
19 school district in accordance with minimum standards developed jointly by the
20 department of education and the division of emergency management within the
21 department of emergency and military affairs.
22 33. Provide written notice to the parents or guardians of all students
23 affected in the school district at least thirty days prior to a public
24 meeting to discuss closing a school within the school district. The notice
25 shall include the reasons for the proposed closure and the time and place of
26 the meeting. The governing board shall fix a time for a public meeting on
27 the proposed closure no less than thirty days before voting in a public
28 meeting to close the school. The school district governing board shall give
29 notice of the time and place of the meeting. At the time and place
30 designated in the notice, the school district governing board shall hear
31 reasons for or against closing the school. The school district governing
32 board is exempt from this paragraph if it is determined by the governing
33 board that the school shall be closed because it poses a danger to the health
34 or safety of the pupils or employees of the school.
35 34. Incorporate instruction on Native American history into appropriate
36 existing curricula.
37 35. Prescribe and enforce policies and procedures allowing pupils who
38 have been diagnosed with anaphylaxis by a health care provider licensed
39 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse
40 practitioner licensed and certified pursuant to title 32, chapter 15 to carry
41 and self-administer emergency medications, including auto-injectable
42 epinephrine, while at school and at school sponsored activities. The pupil's
43 name on the prescription label on the medication container or on the
44 medication device and annual written documentation from the pupil's parent or
45 guardian to the school that authorizes possession and self-administration is

1 sufficient proof that the pupil is entitled to the possession and
2 self-administration of the medication. The policies shall require a pupil
3 who uses auto-injectable epinephrine while at school and at school sponsored
4 activities to notify the nurse or the designated school staff person of the
5 use of the medication as soon as practicable. A school district and its
6 employees are immune from civil liability with respect to all decisions made
7 and actions taken that are based on good faith implementation of the
8 requirements of this paragraph, except in cases of wanton or wilful neglect.
9 36. Allow the possession and self-administration of prescription
10 medication for breathing disorders in handheld inhaler devices by pupils who
11 have been prescribed that medication by a health care professional licensed
12 pursuant to title 32. The pupil's name on the prescription label on the
13 medication container or on the handheld inhaler device and annual written
14 documentation from the pupil's parent or guardian to the school that
15 authorizes possession and self-administration shall be sufficient proof that
16 the pupil is entitled to the possession and self-administration of the
17 medication. A school district and its employees are immune from civil
18 liability with respect to all decisions made and actions taken that are based
19 on a good faith implementation of the requirements of this paragraph.
20 37. Prescribe and enforce policies and procedures to prohibit pupils
21 from harassing, intimidating and bullying other pupils on school grounds, on
22 school property, on school buses, at school bus stops and at school sponsored
23 events and activities that include the following components:
24 (a) A procedure for pupils to confidentially report to school
25 officials incidents of harassment, intimidation or bullying.
26 (b) A procedure for parents and guardians of pupils to submit written
27 reports to school officials of suspected incidents of harassment,
28 intimidation or bullying.
29 (c) A requirement that school district employees report suspected
30 incidents of harassment, intimidation or bullying to the appropriate school
31 official.
32 (d) A formal process for the documentation of reported incidents of
33 harassment, intimidation or bullying and for the confidentiality, maintenance
34 and disposition of this documentation. If a school maintains documentation
35 of reported incidents of harassment, intimidation or bullying, the school
36 shall not use that documentation to impose disciplinary action unless the
37 appropriate school official has investigated and determined that the reported
38 incidents of harassment, intimidation or bullying occurred.
39 (e) A formal process for the investigation by the appropriate school
40 officials of suspected incidents of harassment, intimidation or bullying.
41 (f) Disciplinary procedures for pupils who have admitted or been found
42 to have committed incidents of harassment, intimidation or bullying.

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

38. Prescribe and enforce policies and procedures regarding changing or adopting attendance boundaries that include the following components:

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

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

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

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

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

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

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

(h) If the land that a school was built on was donated within the past five years, a formal process to notify the entity that donated the land affected by the decision of the governing board.

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

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

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

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

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

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

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

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

G. Notwithstanding any other provision of this title, a school district governing board shall not take any action that would result in a reduction of pupil square footage unless the governing board notifies the school facilities board established by section 15-2001 of the proposed action and receives written approval from the school facilities board to take the action. A reduction includes an increase in administrative space that results in a reduction of pupil square footage or sale of school sites or buildings, or both. A reduction includes a reconfiguration of grades that results in a reduction of pupil square footage of any grade level. This subsection does not apply to temporary reconfiguration of grades to accommodate new school construction if the temporary reconfiguration does not exceed one year. The sale of equipment that results in a reduction that falls below the equipment requirements prescribed in section 15-2011, subsection B is subject to commensurate withholding of school district capital outlay revenue limit monies pursuant to the direction of the school facilities board. Except as provided in section 15-342, paragraph 10, proceeds from the sale of school sites, buildings or other equipment shall be deposited in the school plant fund as provided in section 15-1102.

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

Sec. 9. Section 15-342, Arizona Revised Statutes, as amended by Laws 2009, first regular session, chapter 14, section 2 and chapter 101, section 3 and Laws 2009, third special session, chapter 12, section 10, is amended to read:

15-342. Discretionary powers

The governing board may:

1. Expel pupils for misconduct.

2. Exclude from grades one through eight children under six years of age.

3. Make such separation of groups of pupils as it deems advisable.

4. Maintain such special schools during vacation as deemed necessary for the benefit of the pupils of the school district.

5. Permit a superintendent or principal or representatives of the superintendent or principal to travel for a school purpose, as determined by a majority vote of the board. The board may permit members and members-elect of the board to travel within or without the school district for a school purpose and receive reimbursement. Any expenditure for travel and subsistence pursuant to this paragraph shall be as provided in title 38, chapter 4, article 2. The designated post of duty referred to in section 38-621 shall be construed, for school district governing board members, to be the member's actual place of residence, as opposed to the school district office or the school district boundaries. Such expenditures shall be a charge against the budgeted school district funds. The governing board of a school district shall prescribe procedures and amounts for reimbursement of lodging and subsistence expenses. Reimbursement amounts shall not exceed the maximum amounts established pursuant to section 38-624, subsection C.

6. Construct or provide in rural districts housing facilities for teachers and other school employees which the board determines are necessary for the operation of the school.

7. Sell or lease to the state, a county, a city or a tribal government agency any school property required for a public purpose, provided the sale or lease of the property will not affect the normal operations of a school within the school district.

8. Annually budget and expend funds for membership in an association of school districts within this state.

9. Enter into leases or lease-purchase agreements for school buildings or grounds, or both, as lessor or as lessee, for periods of less than five years subject to voter approval for construction of school buildings as prescribed in section 15-341, subsection A, paragraph 7.

10. Subject to chapter 16 of this title, sell school sites or enter into leases or lease-purchase agreements for school buildings and grounds, as lessor or as lessee, for a period of five years or more, but not to exceed ninety-nine years, if authorized by a vote of the school district electors in an election called by the governing board as provided in section 15-491,

1 except that authorization by the school district electors in an election is
2 not required if one of the following requirements is met:
3 (a) The market value of the school property is less than fifty
4 thousand dollars or the property is procured through an energy performance
5 contract, which among other items includes a renewable energy power service
6 agreement, or a simplified energy performance contract pursuant to section
7 15-213.01.
8 (b) The buildings and sites are completely funded with monies
9 distributed by the school facilities board.
10 (c) The transaction involves the sale of improved or unimproved
11 property pursuant to an agreement with the school facilities board in which
12 the school district agrees to sell the improved or unimproved property and
13 transfer the proceeds of the sale to the school facilities board in exchange
14 for monies from the school facilities board for the acquisition of a more
15 suitable school site. For a sale of property acquired by a school district
16 prior to July 9, 1998, a school district shall transfer to the school
17 facilities board that portion of the proceeds that equals the cost of the
18 acquisition of a more suitable school site. If there are any remaining
19 proceeds after the transfer of monies to the school facilities board, a
20 school district shall only use those remaining proceeds for future land
21 purchases approved by the school facilities board, or for capital
22 improvements not funded by the school facilities board for any existing or
23 future facility.
24 (d) The transaction involves the sale of improved or unimproved
25 property pursuant to a formally adopted plan and the school district uses the
26 proceeds of this sale to purchase other property that will be used for
27 similar purposes as the property that was originally sold, provided that the
28 sale proceeds of the improved or unimproved property are used within two
29 years after the date of the original sale to purchase the replacement
30 property. If the sale proceeds of the improved or unimproved property are
31 not used within two years after the date of the original sale to purchase
32 replacement property, the sale proceeds shall be used towards payment of any
33 outstanding bonded indebtedness. If any sale proceeds remain after paying
34 for outstanding bonded indebtedness, or if the district has no outstanding
35 bonded indebtedness, sale proceeds shall be used to reduce the district's
36 primary tax levy. A school district shall not use this subdivision unless
37 all of the following conditions exist:
38 (i) The school district is the sole owner of the improved or
39 unimproved property that the school district intends to sell.
40 (ii) The school district did not purchase the improved or unimproved
41 property that the school district intends to sell with monies that were
42 distributed pursuant to chapter 16 of this title.
43 (iii) The transaction does not violate section 15-341, subsection G.
44 11. Review the decision of a teacher to promote a pupil to a grade or
45 retain a pupil in a grade in a common school or to pass or fail a pupil in a

course in high school. The pupil has the burden of proof to overturn the decision of a teacher to promote, retain, pass or fail the pupil. In order to sustain the burden of proof, the pupil shall demonstrate to the governing board that the pupil has mastered the academic standards adopted by the state board of education pursuant to sections 15-701 and 15-701.01. If the governing board overturns the decision of a teacher pursuant to this paragraph, the governing board shall adopt a written finding that the pupil has mastered the academic standards. Notwithstanding title 38, chapter 3, article 3.1, the governing board shall review the decision of a teacher to promote a pupil to a grade or retain a pupil in a grade in a common school or to pass or fail a pupil in a course in high school in executive session unless a parent or legal guardian of the pupil or the pupil, if emancipated, disagrees that the review should be conducted in executive session and then the review shall be conducted in an open meeting. If the review is conducted in executive session, the board shall notify the teacher of the date, time and place of the review and shall allow the teacher to be present at the review. If the teacher is not present at the review, the board shall consult with the teacher before making its decision. Any request, including the written request as provided in section 15-341, the written evidence presented at the review and the written record of the review, including the decision of the governing board to accept or reject the teacher's decision, shall be retained by the governing board as part of its permanent records.

12. Provide transportation or site transportation loading and unloading areas for any child or children if deemed for the best interest of the district, whether within or without the district, county or state.

13. Enter into intergovernmental agreements and contracts with school districts or other governing bodies as provided in section 11-952. Intergovernmental agreements and contracts between school districts or between a school district and other governing bodies as provided in section 11-952 are exempt from competitive bidding under the procurement rules adopted by the state board of education pursuant to section 15-213.

14. Include in the curricula which it prescribes for high schools in the school district career and technical education, vocational education and technology education programs and career and technical, vocational and technology program improvement services for the high schools, subject to approval by the state board of education. The governing board may contract for the provision of career and technical, vocational and technology education as provided in section 15-789.

15. Suspend a teacher or administrator from the teacher's or administrator's duties without pay for a period of time of not to exceed ten school days, if the board determines that suspension is warranted pursuant to section 15-341, subsection A, paragraphs 21 and 22.

16. Dedicate school property within an incorporated city or town to such city or town or within a county to that county for use as a public right-of-way if both of the following apply:

(a) Pursuant to an ordinance adopted by such city, town or county, there will be conferred upon the school district privileges and benefits which may include benefits related to zoning.

(b) The dedication will not affect the normal operation of any school within the district.

17. Enter into option agreements for the purchase of school sites.

18. Donate surplus or outdated learning materials to nonprofit community organizations where the governing board determines that the anticipated cost of selling the learning materials equals or exceeds the estimated market value of the materials.

19. Prescribe policies for the assessment of reasonable fees for students to use district-provided parking facilities. The fees are to be applied by the district solely against costs incurred in operating or securing the parking facilities. Any policy adopted by the governing board pursuant to this paragraph shall include a fee waiver provision in appropriate cases of need or economic hardship.

20. Establish alternative educational programs that are consistent with the laws of this state to educate pupils, including pupils who have been reassigned pursuant to section 15-841, subsection E or F.

21. Require a period of silence to be observed at the commencement of the first class of the day in the schools. If a governing board chooses to require a period of silence to be observed, the teacher in charge of the room in which the first class is held shall announce that a period of silence not to exceed one minute in duration will be observed for meditation, and during that time no activities shall take place and silence shall be maintained.

22. Require students to wear uniforms.

23. Exchange unimproved property or improved property, including school sites, where the governing board determines that the improved property is unnecessary for the continued operation of the school district without requesting authorization by a vote of the school district electors if the governing board determines that the exchange is necessary to protect the health, safety or welfare of pupils or when the governing board determines that the exchange is based on sound business principles for either:

(a) Unimproved or improved property of equal or greater value.

(b) Unimproved property that the owner contracts to improve if the value of the property ultimately received by the school district is of equal or greater value.

24. For common and high school pupils, assess reasonable fees for optional extracurricular activities and programs conducted when the common or high school is not in session, except that no fees shall be charged for pupils' access to or use of computers or related materials. For high school pupils, the governing board may assess reasonable fees for fine arts and vocational education courses and for optional services, equipment and materials offered to the pupils beyond those required to successfully complete the basic requirements of any other course, except that no fees

shall be charged for pupils' access to or use of computers or related materials. Fees assessed pursuant to this paragraph shall be adopted at a public meeting after notice has been given to all parents of pupils enrolled at schools in the district and shall not exceed the actual costs of the activities, programs, services, equipment or materials. The governing board shall authorize principals to waive the assessment of all or part of a fee assessed pursuant to this paragraph if it creates an economic hardship for a pupil. For the purposes of this paragraph, "extracurricular activity" means any optional, noncredit, educational or recreational activity which supplements the education program of the school, whether offered before, during or after regular school hours.

25. Notwithstanding section 15-341, subsection A, paragraphs 7 and 9, construct school buildings and purchase or lease school sites, without a vote of the school district electors, if the buildings and sites are totally funded from one or more of the following:

(a) Monies in the unrestricted capital outlay fund, except that the estimated cost shall not exceed two hundred fifty thousand dollars for a district that utilizes section 15-949.

(b) Monies distributed from the school facilities board established by section 15-2001.

(c) Monies specifically donated for the purpose of constructing school buildings.

Nothing in this paragraph shall be construed to eliminate the requirement for an election to raise revenues for a capital outlay override pursuant to section 15-481 or a bond election pursuant to section 15-491.

26. Conduct a background investigation that includes a fingerprint check conducted pursuant to section 41-1750, subsection G for certificated personnel and personnel who are not paid employees of the school district, as a condition of employment. A school district may release the results of a background check to another school district for employment purposes. The school district may charge the costs of fingerprint checks to its fingerprinted employee, except that the school district may not charge the costs of fingerprint checks for personnel who are not paid employees of the school district.

27. UNLESS OTHERWISE PROHIBITED BY LAW, sell advertising ~~space on the exterior of school buses and on athletic facilities~~ as follows:

(a) Advertisements shall be age appropriate and not contain promotion of any substance that is illegal for minors such as alcohol, tobacco and drugs or gambling. Advertisements shall comply with the state sex education policy of abstinence.

(b) Advertising approved by the governing board FOR THE EXTERIOR OF SCHOOL BUSES may appear only on the sides of the bus in the following areas:

(i) The signs shall be below the seat level rub rail and not extend above the bottom of the side windows.

(ii) The signs shall be at least three inches from any required lettering, lamp, wheel well or reflector behind the service door or stop signal arm.

(iii) The signs shall not extend from the body of the bus so as to allow a handhold or present a danger to pedestrians.

(iv) The signs shall not interfere with the operation of any door or window.

(v) The signs shall not be placed on any emergency doors.

(c) The school district shall establish an advertisement fund that is composed of revenues from the sale of advertising ~~space on school buses and athletic facilities~~. The monies in an advertisement fund are not subject to reversion.

28. Assess reasonable damage deposits to pupils in grades seven through twelve for the use of textbooks, musical instruments, band uniforms or other equipment required for academic courses. The governing board shall adopt policies on any damage deposits assessed pursuant to this paragraph at a public meeting called for this purpose after providing notice to all parents of pupils in grades seven through twelve in the school district. Principals of individual schools within the district may waive the damage deposit requirement for any textbook or other item if the payment of the damage deposit would create an economic hardship for the pupil. The school district shall return the full amount of the damage deposit for any textbook or other item if the pupil returns the textbook or other item in reasonably good condition within the time period prescribed by the governing board. For the purposes of this paragraph, "in reasonably good condition" means the textbook or other item is in the same or a similar condition as it was when the pupil received it, plus ordinary wear and tear.

29. Notwithstanding section 15-1105, expend surplus monies in the civic center school fund for maintenance and operations or unrestricted capital outlay, if sufficient monies are available in the fund after meeting the needs of programs established pursuant to section 15-1105.

30. Notwithstanding section 15-1143, expend surplus monies in the community school program fund for maintenance and operations or unrestricted capital outlay, if sufficient monies are available in the fund after meeting the needs of programs established pursuant to section 15-1142.

31. Adopt guidelines for standardization of the format of the school report cards required by section 15-746 for schools within the district.

32. Adopt policies that require parental notification when a law enforcement officer interviews a pupil on school grounds. Policies adopted pursuant to this paragraph shall not impede a peace officer from the performance of the peace officer's duties. If the school district governing board adopts a policy that requires parental notification:

(a) The policy may provide reasonable exceptions to the parental notification requirement.

(b) The policy shall set forth whether and under what circumstances a parent may be present when a law enforcement officer interviews the pupil, including reasonable exceptions to the circumstances under which a parent may be present when a law enforcement officer interviews the pupil, and shall specify a reasonable maximum time after a parent is notified that an interview of a pupil by a law enforcement officer may be delayed to allow the parent to be present.

33. Enter into voluntary partnerships with any party to finance with funds other than school district funds and cooperatively design school facilities that comply with the adequacy standards prescribed in section 15-2011 and the square footage per pupil requirements pursuant to section 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and location of any such school facility shall be submitted to the school facilities board for approval pursuant to section 15-2041, subsection O. If the school facilities board approves the design plans and location of any such school facility, the party in partnership with the school district may cause to be constructed and the district may begin operating the school facility before monies are distributed from the school facilities board pursuant to section 15-2041. Monies distributed from the new school facilities fund to a school district in a partnership with another party to finance and design the school facility shall be paid to the school district pursuant to section 15-2041. The school district shall reimburse the party in partnership with the school district from the monies paid to the school district pursuant to section 15-2041, in accordance with the voluntary partnership agreement. Before the school facilities board distributes any monies pursuant to this subsection, the school district shall demonstrate to the school facilities board that the facilities to be funded pursuant to section 15-2041, subsection O meet the minimum adequacy standards prescribed in section 15-2011. If the cost to construct the school facility exceeds the amount that the school district receives from the new school facilities fund, the partnership agreement between the school district and the other party shall specify that, except as otherwise provided by the other party, any such excess costs shall be the responsibility of the school district. The school district governing board shall adopt a resolution in a public meeting that an analysis has been conducted on the prospective effects of the decision to operate a new school with existing monies from the school district's maintenance and operations budget and how this decision may affect other schools in the school district. If a school district acquires land by donation at an appropriate school site approved by the school facilities board and a school facility is financed and built on the land pursuant to this paragraph, the school facilities board shall distribute an amount equal to twenty per cent of the fair market value of the land that can be used for academic purposes. The school district shall place the monies in the unrestricted capital outlay fund and increase the unrestricted capital budget limit by the amount of the monies placed in the fund. Monies distributed

under this paragraph shall be distributed from the new school facilities fund pursuant to section 15-2041. If a school district acquires land by donation at an appropriate school site approved by the school facilities board and a school facility is financed and built on the land pursuant to this paragraph, the school district shall not receive monies from the school facilities board for the donation of real property pursuant to section 15-2041, subsection F. It is unlawful for:

(a) A county, city or town to require as a condition of any land use approval that a landowner or landowners that entered into a partnership pursuant to this paragraph provide any contribution, donation or gift, other than a site donation, to a school district. This subdivision only applies to the property in the voluntary partnership agreement pursuant to this paragraph.

(b) A county, city or town to require as a condition of any land use approval that the landowner or landowners located within the geographic boundaries of the school subject to the voluntary partnership pursuant to this paragraph provide any donation or gift to the school district except as provided in the voluntary partnership agreement pursuant to this paragraph.

(c) A community facilities district established pursuant to title 48, chapter 4, article 6 to be used for reimbursement of financing the construction of a school pursuant to this paragraph.

(d) A school district to enter into an agreement pursuant to this paragraph with any party other than a master planned community party. Any land area consisting of at least three hundred twenty acres that is the subject of a development agreement with a county, city or town entered into pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master planned community. For the purposes of this subdivision, "master planned community" means a land area consisting of at least three hundred twenty acres, which may be noncontiguous, that is the subject of a zoning ordinance approved by the governing body of the county, city or town in which the land is located that establishes the use of the land area as a planned area development or district, planned community development or district, planned unit development or district or other land use category or district that is recognized in the local ordinance of such county, city or town and that specifies the use of such land is for a master planned development.

~~34. Sell advertising on the school district website or any website maintained by a school in the school district as follows:~~

~~(a) Advertisements shall be age-appropriate and not contain promotion of any substance that is illegal for minors, such as alcohol, tobacco and drugs, or gambling. Advertisements shall comply with the state sex education policy of abstinence. The governing board has discretion to decline specific advertisements.~~

~~(b) The school district shall establish a website advertisement fund that is composed of revenues from the sale of advertising on the school district website or any website maintained by a school in the school~~

~~district. The monies in a website advertisement fund are not subject to reversion and shall be used for any pupil related costs as determined by the governing board.~~

~~35.~~ 34. Enter into an intergovernmental agreement with a presiding judge of the juvenile court to implement a law related education program as defined in section 15-154. The presiding judge of the juvenile court may assign juvenile probation officers to participate in a law related education program in any school district in the county. The cost of juvenile probation officers who participate in the program implemented pursuant to this paragraph shall be funded by the school district.

Sec. 10. Section 15-342, Arizona Revised Statutes, as amended by section 9 of this act, is amended to read:

15-342. Discretionary powers

The governing board may:

1. Expel pupils for misconduct.

2. Exclude from grades one through eight children under six years of age.

3. Make such separation of groups of pupils as it deems advisable.

4. Maintain such special schools during vacation as deemed necessary for the benefit of the pupils of the school district.

5. Permit a superintendent or principal or representatives of the superintendent or principal to travel for a school purpose, as determined by a majority vote of the board. The board may permit members and members-elect of the board to travel within or without the school district for a school purpose and receive reimbursement. Any expenditure for travel and subsistence pursuant to this paragraph shall be as provided in title 38, chapter 4, article 2. The designated post of duty referred to in section 38-621 shall be construed, for school district governing board members, to be the member's actual place of residence, as opposed to the school district office or the school district boundaries. Such expenditures shall be a charge against the budgeted school district funds. The governing board of a school district shall prescribe procedures and amounts for reimbursement of lodging and subsistence expenses. Reimbursement amounts shall not exceed the maximum amounts established pursuant to section 38-624, subsection C.

6. Construct or provide in rural districts housing facilities for teachers and other school employees which the board determines are necessary for the operation of the school.

7. Sell or lease to the state, a county, a city or a tribal government agency any school property required for a public purpose, provided the sale or lease of the property will not affect the normal operations of a school within the school district.

8. Annually budget and expend funds for membership in an association of school districts within this state.

9. Enter into leases or lease-purchase agreements for school buildings or grounds, or both, as lessor or as lessee, for periods of less than five

years subject to voter approval for construction of school buildings as prescribed in section 15-341, subsection A, paragraph 7.

10. Subject to chapter 16 of this title, sell school sites or enter into leases or lease-purchase agreements for school buildings and grounds, as lessor or as lessee, for a period of five years or more, but not to exceed ninety-nine years, if authorized by a vote of the school district electors in an election called by the governing board as provided in section 15-491, except that authorization by the school district electors in an election is not required if one of the following requirements is met:

(a) The market value of the school property is less than fifty thousand dollars ~~or the property is procured through an energy performance contract, which among other items includes a renewable energy power service agreement, or a simplified energy performance contract pursuant to section 15-213.01~~.

(b) The buildings and sites are completely funded with monies distributed by the school facilities board.

(c) The transaction involves the sale of improved or unimproved property pursuant to an agreement with the school facilities board in which the school district agrees to sell the improved or unimproved property and transfer the proceeds of the sale to the school facilities board in exchange for monies from the school facilities board for the acquisition of a more suitable school site. For a sale of property acquired by a school district prior to July 9, 1998, a school district shall transfer to the school facilities board that portion of the proceeds that equals the cost of the acquisition of a more suitable school site. If there are any remaining proceeds after the transfer of monies to the school facilities board, a school district shall only use those remaining proceeds for future land purchases approved by the school facilities board, or for capital improvements not funded by the school facilities board for any existing or future facility.

(d) The transaction involves the sale of improved or unimproved property pursuant to a formally adopted plan and the school district uses the proceeds of this sale to purchase other property that will be used for similar purposes as the property that was originally sold, provided that the sale proceeds of the improved or unimproved property are used within two years after the date of the original sale to purchase the replacement property. If the sale proceeds of the improved or unimproved property are not used within two years after the date of the original sale to purchase replacement property, the sale proceeds shall be used towards payment of any outstanding bonded indebtedness. If any sale proceeds remain after paying for outstanding bonded indebtedness, or if the district has no outstanding bonded indebtedness, sale proceeds shall be used to reduce the district's primary tax levy. A school district shall not use this subdivision unless all of the following conditions exist:

(i) The school district is the sole owner of the improved or unimproved property that the school district intends to sell.

(ii) The school district did not purchase the improved or unimproved property that the school district intends to sell with monies that were distributed pursuant to chapter 16 of this title.

(iii) The transaction does not violate section 15-341, subsection G.

11. Review the decision of a teacher to promote a pupil to a grade or retain a pupil in a grade in a common school or to pass or fail a pupil in a course in high school. The pupil has the burden of proof to overturn the decision of a teacher to promote, retain, pass or fail the pupil. In order to sustain the burden of proof, the pupil shall demonstrate to the governing board that the pupil has mastered the academic standards adopted by the state board of education pursuant to sections 15-701 and 15-701.01. If the governing board overturns the decision of a teacher pursuant to this paragraph, the governing board shall adopt a written finding that the pupil has mastered the academic standards. Notwithstanding title 38, chapter 3, article 3.1, the governing board shall review the decision of a teacher to promote a pupil to a grade or retain a pupil in a grade in a common school or to pass or fail a pupil in a course in high school in executive session unless a parent or legal guardian of the pupil or the pupil, if emancipated, disagrees that the review should be conducted in executive session and then the review shall be conducted in an open meeting. If the review is conducted in executive session, the board shall notify the teacher of the date, time and place of the review and shall allow the teacher to be present at the review. If the teacher is not present at the review, the board shall consult with the teacher before making its decision. Any request, including the written request as provided in section 15-341, the written evidence presented at the review and the written record of the review, including the decision of the governing board to accept or reject the teacher's decision, shall be retained by the governing board as part of its permanent records.

12. Provide transportation or site transportation loading and unloading areas for any child or children if deemed for the best interest of the district, whether within or without the district, county or state.

13. Enter into intergovernmental agreements and contracts with school districts or other governing bodies as provided in section 11-952. Intergovernmental agreements and contracts between school districts or between a school district and other governing bodies as provided in section 11-952 are exempt from competitive bidding under the procurement rules adopted by the state board of education pursuant to section 15-213.

14. Include in the curricula which it prescribes for high schools in the school district career and technical education, vocational education and technology education programs and career and technical, vocational and technology program improvement services for the high schools, subject to approval by the state board of education. The governing board may contract

for the provision of career and technical, vocational and technology education as provided in section 15-789.

15. Suspend a teacher or administrator from the teacher's or administrator's duties without pay for a period of time of not to exceed ten school days, if the board determines that suspension is warranted pursuant to section 15-341, subsection A, paragraphs 21 and 22.

16. Dedicate school property within an incorporated city or town to such city or town or within a county to that county for use as a public right-of-way if both of the following apply:

(a) Pursuant to an ordinance adopted by such city, town or county, there will be conferred upon the school district privileges and benefits which may include benefits related to zoning.

(b) The dedication will not affect the normal operation of any school within the district.

17. Enter into option agreements for the purchase of school sites.

18. Donate surplus or outdated learning materials to nonprofit community organizations where the governing board determines that the anticipated cost of selling the learning materials equals or exceeds the estimated market value of the materials.

19. Prescribe policies for the assessment of reasonable fees for students to use district-provided parking facilities. The fees are to be applied by the district solely against costs incurred in operating or securing the parking facilities. Any policy adopted by the governing board pursuant to this paragraph shall include a fee waiver provision in appropriate cases of need or economic hardship.

20. Establish alternative educational programs that are consistent with the laws of this state to educate pupils, including pupils who have been reassigned pursuant to section 15-841, subsection E or F.

21. Require a period of silence to be observed at the commencement of the first class of the day in the schools. If a governing board chooses to require a period of silence to be observed, the teacher in charge of the room in which the first class is held shall announce that a period of silence not to exceed one minute in duration will be observed for meditation, and during that time no activities shall take place and silence shall be maintained.

22. Require students to wear uniforms.

23. Exchange unimproved property or improved property, including school sites, where the governing board determines that the improved property is unnecessary for the continued operation of the school district without requesting authorization by a vote of the school district electors if the governing board determines that the exchange is necessary to protect the health, safety or welfare of pupils or when the governing board determines that the exchange is based on sound business principles for either:

(a) Unimproved or improved property of equal or greater value.

(b) Unimproved property that the owner contracts to improve if the value of the property ultimately received by the school district is of equal or greater value.

24. For common and high school pupils, assess reasonable fees for optional extracurricular activities and programs conducted when the common or high school is not in session, except that no fees shall be charged for pupils' access to or use of computers or related materials. For high school pupils, the governing board may assess reasonable fees for fine arts and vocational education courses and for optional services, equipment and materials offered to the pupils beyond those required to successfully complete the basic requirements of any other course, except that no fees shall be charged for pupils' access to or use of computers or related materials. Fees assessed pursuant to this paragraph shall be adopted at a public meeting after notice has been given to all parents of pupils enrolled at schools in the district and shall not exceed the actual costs of the activities, programs, services, equipment or materials. The governing board shall authorize principals to waive the assessment of all or part of a fee assessed pursuant to this paragraph if it creates an economic hardship for a pupil. For the purposes of this paragraph, "extracurricular activity" means any optional, noncredit, educational or recreational activity which supplements the education program of the school, whether offered before, during or after regular school hours.

25. Notwithstanding section 15-341, subsection A, paragraphs 7 and 9, construct school buildings and purchase or lease school sites, without a vote of the school district electors, if the buildings and sites are totally funded from one or more of the following:

(a) Monies in the unrestricted capital outlay fund, except that the estimated cost shall not exceed two hundred fifty thousand dollars for a district that utilizes section 15-949.

(b) Monies distributed from the school facilities board established by section 15-2001.

(c) Monies specifically donated for the purpose of constructing school buildings.

Nothing in this paragraph shall be construed to eliminate the requirement for an election to raise revenues for a capital outlay override pursuant to section 15-481 or a bond election pursuant to section 15-491.

26. Conduct a background investigation that includes a fingerprint check conducted pursuant to section 41-1750, subsection G for certificated personnel and personnel who are not paid employees of the school district, as a condition of employment. A school district may release the results of a background check to another school district for employment purposes. The school district may charge the costs of fingerprint checks to its fingerprinted employee, except that the school district may not charge the costs of fingerprint checks for personnel who are not paid employees of the school district.

27. Unless otherwise prohibited by law, sell advertising as follows:

(a) Advertisements shall be age appropriate and not contain promotion of any substance that is illegal for minors such as alcohol, tobacco and drugs or gambling. Advertisements shall comply with the state sex education policy of abstinence.

(b) Advertising approved by the governing board for the exterior of school buses may appear only on the sides of the bus in the following areas:

(i) The signs shall be below the seat level rub rail and not extend above the bottom of the side windows.

(ii) The signs shall be at least three inches from any required lettering, lamp, wheel well or reflector behind the service door or stop signal arm.

(iii) The signs shall not extend from the body of the bus so as to allow a handhold or present a danger to pedestrians.

(iv) The signs shall not interfere with the operation of any door or window.

(v) The signs shall not be placed on any emergency doors.

(c) The school district shall establish an advertisement fund that is composed of revenues from the sale of advertising. The monies in an advertisement fund are not subject to reversion.

28. Assess reasonable damage deposits to pupils in grades seven through twelve for the use of textbooks, musical instruments, band uniforms or other equipment required for academic courses. The governing board shall adopt policies on any damage deposits assessed pursuant to this paragraph at a public meeting called for this purpose after providing notice to all parents of pupils in grades seven through twelve in the school district. Principals of individual schools within the district may waive the damage deposit requirement for any textbook or other item if the payment of the damage deposit would create an economic hardship for the pupil. The school district shall return the full amount of the damage deposit for any textbook or other item if the pupil returns the textbook or other item in reasonably good condition within the time period prescribed by the governing board. For the purposes of this paragraph, "in reasonably good condition" means the textbook or other item is in the same or a similar condition as it was when the pupil received it, plus ordinary wear and tear.

29. Notwithstanding section 15-1105, expend surplus monies in the civic center school fund for maintenance and operations or unrestricted capital outlay, if sufficient monies are available in the fund after meeting the needs of programs established pursuant to section 15-1105.

30. Notwithstanding section 15-1143, expend surplus monies in the community school program fund for maintenance and operations or unrestricted capital outlay, if sufficient monies are available in the fund after meeting the needs of programs established pursuant to section 15-1142.

31. Adopt guidelines for standardization of the format of the school report cards required by section 15-746 for schools within the district.

32. Adopt policies that require parental notification when a law enforcement officer interviews a pupil on school grounds. Policies adopted pursuant to this paragraph shall not impede a peace officer from the performance of the peace officer's duties. If the school district governing board adopts a policy that requires parental notification:

(a) The policy may provide reasonable exceptions to the parental notification requirement.

(b) The policy shall set forth whether and under what circumstances a parent may be present when a law enforcement officer interviews the pupil, including reasonable exceptions to the circumstances under which a parent may be present when a law enforcement officer interviews the pupil, and shall specify a reasonable maximum time after a parent is notified that an interview of a pupil by a law enforcement officer may be delayed to allow the parent to be present.

33. Enter into voluntary partnerships with any party to finance with funds other than school district funds and cooperatively design school facilities that comply with the adequacy standards prescribed in section 15-2011 and the square footage per pupil requirements pursuant to section 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and location of any such school facility shall be submitted to the school facilities board for approval pursuant to section 15-2041, subsection O. If the school facilities board approves the design plans and location of any such school facility, the party in partnership with the school district may cause to be constructed and the district may begin operating the school facility before monies are distributed from the school facilities board pursuant to section 15-2041. Monies distributed from the new school facilities fund to a school district in a partnership with another party to finance and design the school facility shall be paid to the school district pursuant to section 15-2041. The school district shall reimburse the party in partnership with the school district from the monies paid to the school district pursuant to section 15-2041, in accordance with the voluntary partnership agreement. Before the school facilities board distributes any monies pursuant to this subsection, the school district shall demonstrate to the school facilities board that the facilities to be funded pursuant to section 15-2041, subsection O meet the minimum adequacy standards prescribed in section 15-2011. If the cost to construct the school facility exceeds the amount that the school district receives from the new school facilities fund, the partnership agreement between the school district and the other party shall specify that, except as otherwise provided by the other party, any such excess costs shall be the responsibility of the school district. The school district governing board shall adopt a resolution in a public meeting that an analysis has been conducted on the prospective effects of the decision to operate a new school with existing monies from the school district's maintenance and operations budget and how this decision may affect other schools in the school district. If a school district acquires land by

1 donation at an appropriate school site approved by the school facilities
2 board and a school facility is financed and built on the land pursuant to
3 this paragraph, the school facilities board shall distribute an amount equal
4 to twenty per cent of the fair market value of the land that can be used for
5 academic purposes. The school district shall place the monies in the
6 unrestricted capital outlay fund and increase the unrestricted capital budget
7 limit by the amount of the monies placed in the fund. Monies distributed
8 under this paragraph shall be distributed from the new school facilities fund
9 pursuant to section 15-2041. If a school district acquires land by donation
10 at an appropriate school site approved by the school facilities board and a
11 school facility is financed and built on the land pursuant to this paragraph,
12 the school district shall not receive monies from the school facilities board
13 for the donation of real property pursuant to section 15-2041, subsection F.
14 It is unlawful for:
15 (a) A county, city or town to require as a condition of any land use
16 approval that a landowner or landowners that entered into a partnership
17 pursuant to this paragraph provide any contribution, donation or gift, other
18 than a site donation, to a school district. This subdivision only applies to
19 the property in the voluntary partnership agreement pursuant to this
20 paragraph.
21 (b) A county, city or town to require as a condition of any land use
22 approval that the landowner or landowners located within the geographic
23 boundaries of the school subject to the voluntary partnership pursuant to
24 this paragraph provide any donation or gift to the school district except as
25 provided in the voluntary partnership agreement pursuant to this paragraph.
26 (c) A community facilities district established pursuant to title 48,
27 chapter 4, article 6 to be used for reimbursement of financing the
28 construction of a school pursuant to this paragraph.
29 (d) A school district to enter into an agreement pursuant to this
30 paragraph with any party other than a master planned community party. Any
31 land area consisting of at least three hundred twenty acres that is the
32 subject of a development agreement with a county, city or town entered into
33 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master
34 planned community. For the purposes of this subdivision, "master planned
35 community" means a land area consisting of at least three hundred twenty
36 acres, which may be noncontiguous, that is the subject of a zoning ordinance
37 approved by the governing body of the county, city or town in which the land
38 is located that establishes the use of the land area as a planned area
39 development or district, planned community development or district, planned
40 unit development or district or other land use category or district that is
41 recognized in the local ordinance of such county, city or town and that
42 specifies the use of such land is for a master planned development.
43 34. Enter into an intergovernmental agreement with a presiding judge
44 of the juvenile court to implement a law related education program as defined
45 in section 15-154. The presiding judge of the juvenile court may assign

juvenile probation officers to participate in a law related education program in any school district in the county. The cost of juvenile probation officers who participate in the program implemented pursuant to this paragraph shall be funded by the school district.

Sec. 11. Repeal

Section 15-342, as amended by Laws 2009, first regular session, chapter 101, section 4, is repealed.

Sec. 12. Section 15-533, Arizona Revised Statutes, is amended to read:

15-533. Reciprocity; proficiency examination

A. To qualify for either a basic or standard teaching certificate, or equivalent certificate later adopted by the state board of education, a person must pass each component of the proficiency examination developed and administered by the state board of education. The proficiency examination shall consist of only a professional knowledge test and a subject knowledge test. ~~A person is not required to take the examination if the person has passed a proficiency examination adopted by a state board of education or equivalent agency in another state.~~ A PERSON IS NOT REQUIRED TO TAKE THE PROFESSIONAL KNOWLEDGE PORTION OF THE EXAMINATION IF THE PERSON HAS BEEN A FULL-TIME TEACHER FOR AT LEAST THREE YEARS IN THAT SAME AREA OF CERTIFICATION IN WHICH THE PERSON IS APPLYING FOR CERTIFICATION IN THIS STATE. A PERSON IS NOT REQUIRED TO TAKE THE SUBJECT KNOWLEDGE PORTION OF THE EXAMINATION IF THE PERSON HAS OBTAINED A MASTER'S DEGREE IN THAT SUBJECT AREA AT AN ACCREDITED INSTITUTION OF HIGHER EDUCATION ACCORDING TO AN OFFICIAL TRANSCRIPT ISSUED FROM THE INSTITUTION. A PERSON WHO OBTAINED STRUCTURED ENGLISH IMMERSION TRAINING IN ANOTHER STATE THAT THE STATE BOARD OF EDUCATION DETERMINES IS COMPARABLE TO THE STRUCTURED ENGLISH IMMERSION TRAINING REQUIRED IN THIS STATE SHALL NOT BE REQUIRED TO OBTAIN ADDITIONAL STRUCTURED ENGLISH IMMERSION TRAINING IN THIS STATE. The state board of education may grant a basic or standard teaching certificate for not to exceed one year to a teacher who is a nonresident and who has not met the requirement of this section at the time of application.

B. A person is not required to pass the proficiency examination or the equivalent examination more than once~~, except that a person who passed the examination developed and administered in this state by the state board of education seven or more years before qualifying to teach in this state is required to repass the examination. A person who passed a proficiency examination adopted by a state board of education or equivalent agency in another state seven or more years before qualifying to teach in this state is required to pass the proficiency examination developed and administered in this state by the state board of education, except that a person who has been employed as a teacher in another state for at least five of the previous seven years before qualifying to teach in this state is not required to repass the examination~~. THE STATE BOARD OF EDUCATION MAY ADOPT RULES TO MODIFY THE REQUIREMENTS OF SUBSECTION A FOR PERSONS WHO HAVE TAUGHT, OBTAINED CERTIFICATION OR OBTAINED A MASTER'S DEGREE IN ANOTHER COUNTRY.

NOTWITHSTANDING ANY OTHER LAW, A PERSON WHO HAS NOT TAUGHT DURING THE TEN YEARS IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION FOR CERTIFICATION IS REQUIRED TO REPASS THE EXAMINATION.

C. A person who is not required to pass the proficiency examination developed and administered in this state by the state board of education pursuant to ~~subsections~~ SUBSECTION A or B shall only be granted reciprocity for those proficiency examinations required in this state that pertain to the grade levels and content areas that the person is certified to teach in another state.

Sec. 13. Section 15-714.01, Arizona Revised Statutes, is amended to read:

15-714.01. Arizona gun safety program course

A. In addition to the voluntary training in the use of bows and firearms prescribed in sections 15-713 and 15-714, ~~each~~ ANY school district ~~and~~ OR charter school may offer as an elective course a one semester, ONE CREDIT course in firearm marksmanship that shall be designated as the Arizona gun safety program course.

B. A pupil shall be deemed to have satisfactorily completed the Arizona gun safety program course by demonstrating that the pupil has the ability to safely discharge a firearm AS DEFINED IN SECTION 13-3101.

C. The course of instruction prescribed in this section shall be jointly developed by the Arizona game and fish commission, the department of public safety and private firearms organizations and may include materials provided by private youth organizations. At a minimum, the Arizona gun safety program course shall include EACH OF THE FOLLOWING:

1. Instruction on the rules of ~~gun~~ FIREARM safety.
2. Instruction on the basic operation of firearms.
3. Instruction on the history of firearms and marksmanship.
4. Instruction on the role of firearms in preserving peace and freedom.
5. Instruction on the constitutional roots of the right to keep and bear arms.
6. Instruction on the use of clay targets.
7. Practice time at a shooting range.
8. ACTUAL demonstration BY THE PUPIL of competence with a firearm AS DEFINED IN SECTION 13-3101 BY SAFELY DISCHARGING THE FIREARM AT ONE OR MORE TARGETS.

D. School districts and charter schools shall arrange for adequate use of shooting range time by pupils in the Arizona gun safety program course at any established shooting range.

E. Pupils who satisfactorily complete the Arizona gun safety program course shall receive a certificate of accomplishment.

~~F. Instructors shall be certified by the Arizona game and fish department or by a national association of firearms owners.~~

F. A PERSON WHO IS CURRENTLY CERTIFIED AS A FIREARMS SAFETY INSTRUCTOR BY THE ARIZONA GAME AND FISH DEPARTMENT, THE NATIONAL RIFLE ASSOCIATION, A FEDERAL, STATE OR LOCAL LAW ENFORCEMENT AGENCY, A BRANCH OF THE UNITED STATES MILITARY, A FEDERAL AGENCY, THE RESERVE OFFICER TRAINING CORPS, THE JUNIOR RESERVE OFFICER TRAINING CORPS OR THE CIVILIAN MARKSMANSHIP PROGRAM IS QUALIFIED TO TEACH THE ARIZONA GUN SAFETY PROGRAM COURSE.

G. Nothing in this section shall be construed to limit or expand the liability of any person under other provisions of law.

Sec. 14. Section 15-816.01, Arizona Revised Statutes, is amended to read:

15-816.01. Enrollment policies

A. School district governing boards shall establish policies and shall implement an open enrollment policy without charging tuition. Tuition may be charged to nonresident pupils only if the tuition is authorized under section 15-764, subsection C, section 15-797, subsection C, section 15-823, subsection A, section 15-824, subsection A or section 15-825 or if two school districts have entered into a voluntary agreement for the payment of tuition for certain pupils. These policies shall include admission criteria, application procedures and transportation provisions. A school district may give enrollment preference to and reserve capacity for pupils who are children of persons who are employed by or at a school in the school district. A copy of the district policies for open enrollment shall be ~~filed with the department of education~~ POSTED ON THE DISTRICT'S WEBSITE AND SHALL BE AVAILABLE TO THE PUBLIC ON REQUEST.

B. The governing board of the district educating the pupil may provide transportation limited to no more than twenty miles each way to and from the school of attendance or to and from a pickup point on a regular transportation route or for the total miles traveled each day to an adjacent district for eligible nonresident pupils who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches.

C. The governing board of the district educating the pupil shall provide transportation limited to no more than twenty miles each way to and from the school of attendance or to and from a pickup point on a regular transportation route or for the total miles traveled each day to an adjacent district for nonresident pupils with disabilities whose individualized education program specifies that transportation is necessary for fulfillment of the program.

Sec. 15. 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 instructional hours during the minimum number of days required in a school year as provided in section 15-341. In fiscal year 2001-2002, the kindergarten program shall meet at least three hundred forty-eight hours. In fiscal year 2002-2003, the kindergarten program shall meet at least three hundred fifty hours. In fiscal year 2003-2004, the kindergarten program shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005, the kindergarten program shall meet at least three hundred fifty-four hours. In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten program shall meet at least three hundred fifty-six hours. Lunch periods and recess periods may not be included as part of the instructional hours unless the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented. In computing the average daily membership, preschool children with disabilities and kindergarten students shall be counted as one-half of a full-time student. For common schools, a part-time student is a student enrolled for less than the total time for a full-time student as defined in this section. A part-time common school student shall be counted as one-fourth, one-half or three-fourths of a full-time student if the student is enrolled in an instructional program that is at least one-fourth, one-half or three-fourths of the time a full-time student is enrolled as defined in subdivision (b) of this paragraph.

(ii) For high schools, a part-time student who is enrolled in less than four subjects that count toward graduation as defined by the state board of education in a recognized high school and who is taught in less than twenty instructional hours per week prorated for any week with fewer than five school days. A part-time high school student shall be counted as one-fourth, one-half or three-fourths of a full-time student if the student is enrolled in an instructional program that is at least one-fourth, one-half or three-fourths of a full-time instructional program as defined in subdivision (c) of this paragraph.

(b) "Full-time student" means:

(i) For common schools, a student who is at least six years of age prior to January 1 of a school year, who has not graduated from the highest grade taught in the school district and who is regularly enrolled in a course of study required by the state board of education. Until fiscal year 2001-2002, first, second and third grade students, ungraded students at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities who are at least five, but under six, years of age by September 1 must be enrolled in an instructional program that meets for a total of at least six hundred ninety-two 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 six hundred ninety-six hours. In fiscal year 2002-2003, the program shall meet at least seven hundred hours. In fiscal year 2003-2004, the program shall meet at least seven hundred four 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~~ YEARS 2005-2006 ~~and each fiscal year thereafter~~ THROUGH 2009-2010, the program shall meet at least one thousand sixty-eight hours. IN FISCAL YEAR 2010-2011 AND EACH FISCAL YEAR THEREAFTER, THE PROGRAM SHALL MEET AT LEAST ONE THOUSAND 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.

(v) Except as otherwise provided by law, for any student who is concurrently enrolled, pursuant to section 15-808, in a school district and Arizona online instruction or a charter school and Arizona online instruction, the average daily membership shall be apportioned between the school district and Arizona online instruction or the charter school and Arizona online instruction 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 Arizona online instruction or the charter school and Arizona online instruction.

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

(c) "Full-time instructional program" means:

(i) Through fiscal year 2000-2001, 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 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.

(ii) For fiscal year 2001-2002, an instructional program that meets at least a total of seven hundred four 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-two 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.

(iii) For fiscal year 2002-2003, an instructional program that meets at least a total of seven hundred eight 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-two 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.

(iv) For fiscal year 2003-2004, an instructional program that meets at least a total of seven hundred twelve 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.

(v) For fiscal year 2004-2005, an instructional program that meets at least a total of seven hundred sixteen 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.

(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 follows, except as provided in section 15-797 and except that attendance for a fractional student shall not exceed the pupil's fractional membership:

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

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

(c) For common schools, the attendance of a preschool child with disabilities shall be counted as one-fourth day's attendance for each thirty-six minutes of attendance not including lunch periods and recess periods, except as provided in paragraph 2, subdivision (a), item (i) of this subsection for children with disabilities up to a maximum of three hundred sixty minutes each week.

(d) For high schools or ungraded schools in which the pupil is at least fourteen years of age by September 1, the attendance of a pupil shall not be counted as a full day unless the pupil is actually and physically in attendance and enrolled in and carrying 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 hours a year, or the equivalent, that count toward graduation in a recognized high school except as provided in section 15-797 and subdivision (e) of this paragraph. Attendance of a pupil carrying less than the load prescribed shall be prorated.

(e) For high schools or ungraded schools in which the pupil is at least fourteen years of age by September 1, the attendance of a pupil may be

counted as one-fourth of a day's attendance for each sixty minutes of instructional time in a subject that counts toward graduation, except that attendance for a pupil shall not exceed the pupil's full or fractional membership.

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

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

7. "Daily route mileage" means the sum of:

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

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

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

9. "Eligible students" means:

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

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

(ii) For high school students, whose place of actual residence within the school district is more than one and one-half miles from the school facility of attendance or students who are admitted pursuant to section

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

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

(c) Children with disabilities, as defined by section 15-761, who are transported by or for the school district or who are admitted pursuant to chapter 8, article 1.1 of this title and who qualify as full-time students or fractional students regardless of location or residence within the school district or children with disabilities whose transportation is required by 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:

(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:

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

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

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

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

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

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

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

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

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

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

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

Sec. 16. Section 15-905, Arizona Revised Statutes, is amended to read:

15-905. <u>School district budgets; notice; adoption; aggregate budget limit; summary; adjustments; impact aid fund; definition</u>

A. Not later than July 5 of each year or no later than the publication of notice of the public hearing and board meeting as required by this section, the governing board of each school district shall prepare and furnish to the superintendent of public instruction and the county school superintendent, unless waived by the county school superintendent, a proposed budget in electronic format for the budget year, which shall contain the

information and be in the form as provided by the department of education. The proposed budget shall include the following:

1. The total amount of revenues from all sources that was necessary to meet the school district's budget for the current year.

2. The total amount of revenues by source that will be necessary to meet the proposed budget of the school district, excluding property taxes. The governing board shall prepare the proposed budget and a summary of the proposed budget. Both documents shall be kept on file at the school district office and shall be made available to the public upon request. The auditor general in conjunction with the department of education shall prescribe the form of the summary of the proposed budget for use by governing boards. School district governing boards may include in the proposed budget any items or amounts which are authorized by legislation filed with the secretary of state and which will become effective during the budget year. If subsequent events prevent the legislation from becoming effective, school district governing boards must reduce their budgets by the amounts budgeted pursuant to the legislation which did not become effective.

B. The governing board of each school district shall prepare a notice fixing a time not later than July 15 and designating a public place within each school district at which a public hearing and board meeting shall be held. The governing board shall present the proposed budget for consideration of the residents and the taxpayers of the school district at such hearing and meeting.

C. The governing board of each school district shall publish or mail, prior to the hearing and meeting, a copy of the proposed budget or the summary of the proposed budget and, in addition, a notice of the public hearing and board meeting no later than ten days prior to the meeting. The proposed budget and the summary of the proposed budget shall contain the percentage of increase or decrease in each budget category of the proposed budget as compared to each category of the budget for the current year. Notification shall be either by publication in a newspaper of general circulation within the school district in which the size of the newspaper print shall be at least eight-point type, by electronic transmission of the information to the department of education for posting on the department's website or by mailing the information to each household in the school district. The cost of publication, website posting or mailing shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the governing board with the superintendent of public instruction within thirty days after publication. If the budget or proposed budget and notice are posted on a website maintained by the department of education or mailed, the board shall file an affidavit with the superintendent of public instruction within thirty days after the mailing or the date that the information is posted on the website. If a truth in taxation notice and hearing is required under section 15-905.01, the

1 governing board may combine the notice and hearing under this section with
2 the truth in taxation notice and hearing.
3 D. At the time and place fixed in the notice, the governing board
4 shall hold the public hearing and present the proposed budget to the persons
5 attending the hearing. Upon request of any person, the governing board shall
6 explain the budget, and any resident or taxpayer of the school district may
7 protest the inclusion of any item. A governing board member who has a
8 substantial interest, as defined in section 38-502, in a specific item in the
9 school district budget shall refrain from voting on the specific item. A
10 governing board member may participate without creating a conflict of
11 interest in adoption of a final budget even though the member may have
12 substantial interest in specific items included in the budget.
13 E. Immediately following the public hearing the president shall call
14 to order the governing board meeting for the purpose of adopting the budget.
15 The governing board shall adopt the budget, which shall not exceed the
16 general budget limit, the unrestricted capital budget limit or the soft
17 capital allocation limit, making such deductions as it sees fit but making no
18 additions to the proposed budget total for maintenance and operations or
19 capital outlay, and shall enter the budget as adopted in its minutes. Not
20 later than July 18, the budget as finally adopted shall be filed by the
21 governing board with the county school superintendent who shall immediately
22 transmit a copy to the board of supervisors. Not later than July 18, the
23 budget as finally adopted shall be submitted electronically to the
24 superintendent of public instruction. On or before October 30, the
25 superintendent of public instruction shall review the budget and notify the
26 governing board if the budget is in excess of the general budget limit, the
27 unrestricted capital budget limit or the soft capital allocation limit. The
28 governing board shall revise the budget as follows:
29 1. If the governing board receives notification that the budget
30 exceeds the general budget limit, the unrestricted capital budget limit or
31 the soft capital allocation limit by one per cent of the general budget limit
32 or one hundred thousand dollars, whichever is less, it shall adopt on or
33 before December 15, after it gives notice and holds a public meeting in a
34 similar manner as provided in subsections C and D of this section, a revised
35 budget for the current year, which shall not exceed the general budget limit,
36 the unrestricted capital budget limit or the soft capital allocation limit.
37 2. If the governing board receives notification that the budget
38 exceeds the general budget limit, the unrestricted capital budget limit or
39 the soft capital allocation limit by less than the amount prescribed in
40 paragraph 1 of this subsection, the governing board shall adjust the budget
41 and expenditures so as not to exceed the general budget limit, the
42 unrestricted capital budget limit or the soft capital allocation limit for
43 the current year.
44 3. On or before December 18, the governing board shall file the
45 revised budget it adopts with the county school superintendent who shall

immediately transmit a copy to the board of supervisors. Not later than December 18, the budget as revised shall be submitted electronically to the superintendent of public instruction. School districts that are subject to section 15-914.01 are not required to send a copy of revised budgets to the county school superintendent. Procedures for adjusting expenditures or revising the budget shall be as prescribed in the uniform system of financial records.

F. The governing board of each school district may budget for expenditures within the school district budget as follows:

1. Amounts within the general budget limit, as provided in section 15-947, subsection C, may only be budgeted in the following sections of the budget:

(a) The maintenance and operation section.

(b) The capital outlay section.

2. Amounts within the unrestricted capital budget limit, as provided in section 15-947, subsection D, may only be budgeted in the unrestricted capital outlay subsection of the budget. Monies received pursuant to the unrestricted capital budget limit shall be placed in the unrestricted capital outlay fund. The monies in the fund are not subject to reversion.

3. The soft capital allocation limit, as provided in section 15-947, subsection E, may only be budgeted in the soft capital allocation subsection of the budget.

G. The governing board may authorize the expenditure of monies budgeted within the maintenance and operation section of the budget for any subsection within the section in excess of amounts specified in the adopted budget only by action taken at a public meeting of the governing board and if the expenditures for all subsections of the section do not exceed the amount budgeted as provided in this section

H. The aggregate budget limit is the sum of the following:

1. The general budget limit as determined in section 15-947 for the budget year.

2. The unrestricted capital budget limit as determined in section 15-947 for the budget year.

3. The soft capital allocation limit for the budget year as determined in section 15-947.

4. Federal assistance, excluding title VIII of the elementary and secondary education act of 1965 monies.

I. School districts which overestimated tuition revenues as provided in section 15-947, subsection C, paragraph 2 shall adjust the general budget limit and expenditures based upon tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts which underestimated tuition revenues may adjust their budgets prior to May 15 based upon tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts which overestimated revenues as provided in section 15-947, subsection C, paragraph 2, subdivision (a), items

(iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit and expenditures based on actual revenues during the current fiscal year. School districts which underestimated such revenues may adjust their budgets before May 15 based on actual revenues during the current fiscal year. Procedures for completing adjustments shall be as prescribed in the uniform system of financial records. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction.

J. A common school district not within a high school district whose estimated tuition charge for high school pupils exceeds the actual tuition charge for high school pupils shall adjust the general budget limit and expenditures based on the actual tuition charge. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. A common school district not within a high school district whose estimated tuition charge for high school pupils is less than the actual tuition charge for high school pupils may adjust its budget before May 15 based on the actual tuition charge. Procedures for completing adjustments shall be as prescribed in the uniform system of financial records. If the adjusted general budget limit requires an adjustment of state aid and if the adjustment to state aid is not made in the current year, the superintendent of public instruction shall adjust by August 15 of the succeeding fiscal year the apportionment of state aid to the school district to correct any overpayment or underpayment of state aid received during the current year.

K. The governing board may include title VIII of the elementary and secondary education act of 1965 assistance allocated for children with disabilities, children with specific learning disabilities, children residing on Indian lands and children residing within the boundaries of an accommodation school that is located on a military reservation and that is classified as a heavily impacted local educational agency pursuant to 20 United States Code section 7703 which is in addition to basic assistance when determining the general budget limit as prescribed in section 15-947, subsection C. The increase in the general budget limit for children residing within the boundaries of an accommodation school that is located on a military reservation and that is classified as a heavily impacted local education agency shall equal the dollar amount calculated pursuant to 20 United States Code section 7703(b)(2). The governing board may adjust before May 15 the budget for the current year based on any adjustments which result in increases over the amount estimated by the superintendent of public instruction for title VIII of the elementary and secondary education act of 1965 assistance for such pupils for the fiscal year preceding the current year. The governing board shall adjust before May 15 the budget for the current year based on any adjustments which result in decreases in the amount estimated by the superintendent of public instruction for title VIII of the elementary and secondary education act of 1965 assistance for such pupils for

the fiscal year preceding the current year. Not later than May 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. Procedures for complying with this subsection shall be as prescribed in the uniform system of financial records.

L. The department of education shall notify the state board of education if expenditures by any school district exceed the general budget limit prescribed in section 15-947, subsection C, the unrestricted capital budget limit, the soft capital allocation limit prescribed in section 15-947, subsection E, the school plant fund limits prescribed in section 15-1102, subsection B, the maintenance and operation section of the budget or the capital outlay section of the budget. If the expenditures of any school district exceed these limits or sections of the budget without authorization as provided in section 15-907, and if the state board of education determines that the equalization assistance for education received by the school district as provided in section 15-971 does not conform with statutory requirements, the state board of education shall reduce the state aid for equalization assistance for education for the school district computed as provided in section 15-971 during the fiscal year subsequent to the fiscal year in which the excess equalization assistance for education was received by an amount equal to the excess equalization assistance for education, except that in case of hardship to the school district, the superintendent of public instruction may approve reductions partly in the first subsequent year and partly in the second subsequent year. If the state board of education determines that the equalization assistance for education received by the school district conforms with statutory requirements, the state board of education shall not reduce the district's equalization assistance for education pursuant to this subsection but the district shall reduce the budget limits as required in subsection M of this section. A school district that disagrees with the department of education's determination regarding an excess expenditure under this subsection may request a hearing before the state board of education.

M. The governing board of a school district shall reduce the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit for the year subsequent to the year in which the expenditures were in excess of the applicable limit or section of the budget by the amount determined in subsection L of this section, except that in case of hardship to the school district, the superintendent of public instruction may approve reductions partly in the first subsequent year and partly in the second subsequent year. The reduction in the limit is applicable to each school district which has exceeded the general budget limit, the unrestricted capital budget limit, the soft capital allocation limit or a section of the budget even if the reduction exceeds the state aid for equalization assistance for education for the school district.

N. Except as provided in section 15-916, no expenditure shall be made by any school district for a purpose not included in the budget or in excess

of the aggregate budget limit prescribed in this section, except that if no budget has been adopted, from July 1 to July 15 the governing board may make expenditures if the total of the expenditures does not exceed ten per cent of the prior year's aggregate budget limit. Any expenditures made from July 1 to July 15 and prior to the adoption of the budget shall be included in the total expenditures for the current year. No expenditure shall be made and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for the item irrespective of whether the school district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under the budget except expenditures from cash controlled funds as defined by the uniform system of financial records and except as provided in section 15-907 and subsection G of this section. This subsection does not prohibit any school district from prepaying insurance premiums or magazine subscriptions, or from prepaying any item which is normally prepaid in order to procure the service or to receive a discounted price for the service, as prescribed by the uniform system of financial records.

O. The governing board of a school district which is classified as a heavily impacted school district having twenty per cent or more pupils pursuant to 20 United States Code section 238(d)1(A) may determine its eligibility to increase the amount that may be included in determining the general budget limit as provided in subsection K of this section and may increase the amount as follows:

1. For fiscal year 1988-1989:

(a) Multiply one thousand ninety-four dollars by the number of children with disabilities or children with specific learning disabilities, excluding children who also reside on Indian lands, reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.

(b) Multiply five hundred forty-seven dollars by the number of children residing on Indian lands, excluding children who have disabilities or also have specific learning disabilities, reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.

(c) Multiply one thousand nine hundred fourteen dollars by the number of children residing on Indian lands who have disabilities or also have specific learning disabilities reported to the division of impact aid, United States department of education in the district's application for fiscal year 1987-1988.

(d) Add the amounts determined in subdivisions (a) through (c).

(e) If the amount of title VIII of the elementary and secondary education act of 1965 assistance as provided in subsection K of this section is less than the sum determined in subdivision (d) of this paragraph, the district is eligible to use the provisions of this subsection.

2. For budget years after 1988-1989, use the provisions of paragraph 1 of this subsection, but increase each dollar amount by the growth rate for that year as prescribed by law, subject to appropriation and use the number of children reported in the appropriate category for the current fiscal year.

3. If the district is eligible to use the provisions of this subsection, subtract the amount of title VIII of the elementary and secondary education act of 1965 assistance determined in subsection K of this section from the sum determined in paragraph 1, subdivision (d) of this subsection. The difference is the increase in the amount that may be included in determining the general budget limit as provided in subsection K of this section, if including this amount does not increase the district's primary tax rate for the budget year. If the amount of title VIII of the elementary and secondary education act of 1965 assistance determined in subsection K of this section is adjusted for the current year, the increase determined in this paragraph shall be recomputed using the adjusted amount and the recomputed increase shall be reported to the department of education by May 15 on a form prescribed by the department of education.

4. If a district uses the provisions of this subsection, the district is not required to adjust its budget for the current year based on adjustments in the estimated amount of title VIII of the elementary and secondary education act of 1965 assistance as provided in subsection K of this section.

P. A school district, except for an accommodation school, which applies for title VIII of the elementary and secondary education act of 1965 assistance during the current year may budget an amount for title VIII of the elementary and secondary education act of 1965 administrative costs for the budget year. The amount budgeted for title VIII of the elementary and secondary education act of 1965 administrative costs is exempt from the revenue control limit and may not exceed an amount determined for the budgeted year as follows:

1. Determine the minimum cost. The minimum cost for fiscal year 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior year increased by the growth rate as prescribed by law, subject to appropriation.

2. Determine the hourly rate. The hourly rate for fiscal year 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and thereafter, the hourly rate is the hourly rate for the prior year increased by the growth rate as prescribed by law, subject to appropriation.

3. Determine the title VIII of the elementary and secondary education act of 1965 revenues available by subtracting the amount of title VIII of the elementary and secondary education act of 1965 assistance used to increase the general budget limit as provided in subsections K and O of this section for the current fiscal year from the total amount of title VIII of the

elementary and secondary education act of 1965 revenues received in the current fiscal year.

4. Determine the total number of administrative hours as follows:

(a) Determine the sum of the following:

(i) 1.00 hours for each high impact pupil who is not disabled or does not have specific learning disabilities.

(ii) 1.25 hours for each high impact pupil who is disabled or has specific learning disabilities.

(iii) 0.25 hours for each low impact pupil who is not disabled or does not have specific learning disabilities.

(iv) 0.31 hours for each low impact pupil who is disabled or has specific learning disabilities.

(b) For the purposes of this paragraph:

(i) "High impact pupil" means a pupil who resides on Indian lands or a pupil who resides on federal property or in low rent housing and whose parent is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in title VIII of the elementary and secondary education act of 1965, section 8003(a) (20 United States Code section 7703) and as reported in the application for title VIII of the elementary and secondary education act of 1965 assistance in the current year.

(ii) "Low impact pupil" means a pupil who resides on nonfederal property and has a parent who is employed on federal property or low rent housing property or is on active duty in a uniformed service or a pupil who resides on federal property or in low rent housing and who does not have a parent who is employed on federal property or low rent housing property or is on active duty in uniformed service, as provided in title VIII of the elementary and secondary education act of 1965, section 8003(a) (20 United States Code section 7703) and as reported in the application for title VIII of the elementary and secondary education act of 1965 assistance in the current year.

5. Multiply the total number of administrative hours determined in paragraph 4 of this subsection by the hourly rate determined in paragraph 2 of this subsection.

6. Determine the greater of the minimum cost determined in paragraph 1 of this subsection or the product determined in paragraph 5 of this subsection.

7. Add to the amount determined in paragraph 6 of this subsection the amount, if any, to be expended by the school district in the budget year through an intergovernmental agreement with other school districts or the department of education to provide title VIII of the elementary and secondary education act of 1965 technical assistance to participating districts.

8. Determine the lesser of the amount determined in paragraph 7 of this subsection or the revenues available as determined in paragraph 3 of this subsection.

9. The amount determined in paragraph 8 of this subsection is the maximum amount which may be budgeted for title VIII of the elementary and secondary education act of 1965 administrative costs for the budget year as provided in this subsection.

10. If the governing board underestimated the amount that may be budgeted for title VIII of the elementary and secondary education act of 1965, section 8007 administrative costs for the current year, the board may adjust the general budget limit and the budget before May 15. If the governing board overestimated the amount that may be budgeted for title VIII of the elementary and secondary education act of 1965 administrative costs for the current year, the board shall adjust the general budget limit and the budget before May 15.

Q. If a school district governing board has adopted a budget for a fiscal year based on forms and instructions provided by the auditor general and the department of education for that fiscal year and if, as a result of the enactment or nonenactment of proposed legislation after May 1 of the previous fiscal year, the budget is based on incorrect limits, does not include items authorized by law or does not otherwise conform with law, the governing board may revise its budget at a public hearing on or before September 15 to conform with the law. Not later than September 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. If the governing board does not revise the budget on or before September 15 and if the budget includes any items not authorized by law or if the budget exceeds any limits, the governing board shall adjust or revise the budget as provided in subsection E of this section.

R. NOTWITHSTANDING ANY OTHER LAW, IF A SCHOOL DISTRICT RECEIVES ASSISTANCE PURSUANT TO TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965, THE SCHOOL DISTRICT SHALL ESTABLISH A LOCAL LEVEL FUND DESIGNATED AS THE IMPACT AID FUND AND DEPOSIT THE IMPACT AID MONIES RECEIVED IN THE FUND. THE SCHOOL DISTRICT SHALL SEPARATELY ACCOUNT FOR MONIES IN THE FUND AND SHALL NOT COMBINE MONIES IN THE FUND WITH ANY OTHER SOURCE OF LOCAL, STATE OR FEDERAL ASSISTANCE. MONIES IN THE FUND SHALL BE EXPENDED PURSUANT TO FEDERAL LAW ONLY FOR THE PURPOSES ALLOWED BY THIS TITLE. THE SCHOOL DISTRICT SHALL ACCOUNT FOR MONIES IN THE FUND ACCORDING TO THE UNIFORM SYSTEM OF FINANCIAL RECORDS AS PRESCRIBED BY THE AUDITOR GENERAL. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL SEPARATELY ACCOUNT FOR MONIES IN EACH SCHOOL DISTRICT'S IMPACT AID FUND, IF AN IMPACT AID FUND IS ESTABLISHED, IN THE ANNUAL REPORT REQUIRED BY SECTION 15-255. MONIES IN THE FUND ARE CONSIDERED FEDERAL MONIES AND ARE NOT SUBJECT TO LEGISLATIVE APPROPRIATION.

~~R.~~ S. For the purposes of this section, "title VIII of the elementary and secondary education act of 1965 assistance" means, for the current year, an amount equal to the final determination of title VIII of the elementary and secondary education act of 1965 assistance for the fiscal year preceding the current year as confirmed by the division of impact aid, United States department of education or, if a final determination has not been made, the

amount estimated by the superintendent of public instruction as confirmed by the division of impact aid, United States department of education and, for the budget year, an amount equal to the determination of title VIII of the elementary and secondary education act of 1965 assistance for the fiscal year preceding the budget year as estimated by the superintendent of public instruction.

Sec. 17. Section 15-1024, Arizona Revised Statutes, is amended to read:

15-1024. Interest on bonds; sale; disposition of proceeds; definition

A. The bonds shall bear interest, payable semiannually at the rate or rates set by the accepted bid, which shall not exceed the maximum rate of interest set forth in the resolution calling the election. The bonds may be made payable at such place within the United States as the governing board of the school district directs and shall be sold in the manner prescribed by the governing board of the school district for not less than par.

B. The proceeds of the sale of the bonds shall be deposited in the county treasury to the credit of the bond building fund of the school district. Such deposits may be drawn out for the purposes authorized by this article as other school monies are drawn. If a balance remains in the bond building fund after the acquisition or construction of facilities is completed for which the bonds were issued and upon written request of the governing board:

1. If the school district has outstanding bonded indebtedness, the balance remaining in the bond building fund shall be transferred to the debt service fund of the district.

2. If the district has no outstanding bonded indebtedness, the balance remaining in the bond building fund shall be transferred to the general fund of the district.

C. When bonds are sold and the proceeds are not required to be used for a period of ten days or more, such proceeds may be invested as provided by section 15-1025, subsection B. All monies earned as interest or otherwise derived from the investment of the proceeds of the sale of the bonds shall be credited to the debt service fund, except that UPON THE REQUEST OF THE DISTRICT, THE MONIES EARNED AS INTEREST SHALL BE DEPOSITED TO THE BOND BUILDING FUND IF FEDERAL LAWS OR RULES REQUIRE THE INTEREST TO BE USED FOR CAPITAL EXPENDITURES OR the monies EARNED AS INTEREST shall be credited to the bond building fund if the voters authorized such use of the monies in a separate question at the bond election. The separate question shall inform the voters that the monies will be credited to the debt service fund, and may therefore reduce the amount of the secondary property tax, if the measure authorizing the monies to be credited to the bond building fund does not pass.

D. The amount of net premium associated with a bond issue may not exceed the greater of:

1. Two per cent of the par value of the bond issue.

2. One hundred thousand dollars.

E. Any net premium not used to pay the costs of the bond issue shall be deposited in a debt service fund and used to pay interest on the bonds.

F. For purposes of this section "net premium" means the difference between the par amount of the bond issue and the bond issue price determined pursuant to United States treasury regulations.

Sec. 18. Title 15, chapter 10, Arizona Revised Statutes, is amended by adding article 12, to read:

ARTICLE 12. E-RATE

15-1261. E-rate application; fund

A. ALL SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT ARE ELIGIBLE FOR E-RATE PRIORITY ONE FUNDING AS AUTHORIZED BY THE TELECOMMUNICATIONS ACT OF 1996 MAY APPLY FOR FUNDING. ELIGIBLE SCHOOL DISTRICTS AND CHARTER SCHOOLS MAY SUBMIT APPLICATIONS WITH ASSISTANCE OF THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY.

B. ALL SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT RECEIVE E-RATE FUNDING SHALL ESTABLISH AN E-RATE FUND. ANY MONIES IN THE FUND MAY BE USED TO REIMBURSE THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR BROADBAND INTERNET AND TELECOMMUNICATIONS COSTS.

Sec. 19. Section 15-1626, Arizona Revised Statutes, is amended to read:

15-1626. General administrative powers and duties of board

A. The board shall:

1. Have and exercise the powers necessary for the effective governance and administration of the institutions under its control. To that end, the board may adopt, and authorize each university to adopt, such regulations, policies, rules or measures as are deemed necessary and may delegate in writing to its committees, to its university presidents, or their designees, or to other entities under its control, any part of its authority for the administration and governance of such institutions, including those powers enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs 3, 4, 8, 9, 11 and 12 of this subsection and subsection B of this section. Any delegation of authority may be rescinded by the board at any time in whole or in part.

2. Appoint and employ and determine the compensation of presidents with such power and authority and for such purposes in connection with the operation of the institutions as the board deems necessary.

3. Appoint and employ and determine the compensation of vice-presidents, deans, professors, instructors, lecturers, fellows and such other officers and employees with such power and authority and for such purposes in connection with the operation of the institutions as the board

deems necessary, or delegate its authority pursuant to paragraph 1 of this subsection.

4. Remove any officer or employee when the interests of education in this state so require in accordance with its personnel rules and policies.

5. Fix tuitions and fees to be charged and differentiate the tuitions and fees between institutions and between residents, nonresidents, undergraduate students, graduate students, students from foreign countries and students who have earned credit hours in excess of the credit hour threshold. For the purposes of this paragraph, the undergraduate credit hour threshold is ~~one hundred fifty-five hours for students who attend a university under the jurisdiction of the board in fiscal year 2006-2007, one hundred fifty hours for students who attend a university under the jurisdiction of the board in fiscal year 2007-2008 and~~ one hundred forty-five hours for students who attend a university under the jurisdiction of the board ~~after fiscal year 2007-2008~~. The undergraduate credit hour threshold shall be based on the actual full-time equivalent student enrollment counted on the ~~twenty-first day after classes begin for the fall semester of 2005 through 2008 and on the~~ forty-fifth day of every fall and spring semester ~~thereafter~~, divided by two, and any budget adjustment based on student enrollment shall occur in the fiscal year following the actual full-time equivalent student enrollment count. The undergraduate credit hour threshold shall not apply to degree programs that require credit hours above the credit hour threshold, credits earned in the pursuit of up to two baccalaureate degrees, credits earned in the pursuit of up to two state regulated licensures or certificates, credits earned in the pursuit of teaching certification, credits transferred from a private institution of higher education, credits transferred from an institution of higher education in another state, credits earned at another institution of higher education but that are not accepted as transfer credits at the university where the student is currently enrolled and credits earned by students who enroll at a university under the jurisdiction of the board more than twenty-four months after the end of that student's previous enrollment at a public institution of higher education in this state. On or before October 15 of each year, the board shall report to the joint legislative budget committee the number of students who were enrolled at universities under the jurisdiction of the board during the previous fiscal year who met or exceeded the undergraduate credit hour threshold prescribed in this paragraph. The amount of tuition, registration fees and other revenues included in the operating budget for the university adopted by the board as prescribed in paragraph 13 of this subsection shall be deposited, pursuant to sections 35-146 and 35-147. All other tuition and fee revenue shall be retained by each university for expenditure as approved by the board, except that the universities shall not use any tuition or fee revenue to fund or support an alumni association.

6. Except as provided in subsection I of this section, adopt rules to govern its tuition and fee setting process that provide for the following:

(a) At least one public hearing at each university as an opportunity for students and members of the public to comment ~~upon~~ ON any proposed increase in tuition or fees.

(b) Publication of the notice of public hearing at least ten days prior to the hearing in a newspaper of general circulation in Maricopa county, Coconino county and Pima county. The notice shall include the date, time and location of the public hearing.

(c) Public disclosure by each university of any proposed increases in tuition or fees at least ten days prior to the public hearing.

(d) Final board action on changes in tuition or fees shall be taken by roll call vote.

The procedural requirements of subdivisions (a), (b), (c) and (d) of this paragraph apply only to those changes in tuition or fees that require board approval.

7. Pursuant to section 35-115, submit a budget request for each institution under its jurisdiction that includes the estimated tuition and fee revenue available to support the programs of the institution as described in the budget request. The estimated available tuition and fee revenue shall be based on the tuition and registration fee rates in effect at the time the budget request is submitted with adjustments for projected changes in enrollment as provided by the board.

8. Establish curriculums and designate courses at the several institutions ~~which~~ THAT in its judgment will best serve the interests of this state.

9. Award such degrees and diplomas ~~upon~~ ON the completion of such courses and curriculum requirements as it deems appropriate.

10. Prescribe qualifications for admission of all students to the universities. The board shall establish policies for guaranteed admission that assure fair and equitable access to students in this state from public, private, charter and home schools. For the purpose of determining the qualifications of honorably discharged veterans, veterans are those persons who served in the armed forces for a minimum of two years and who were previously enrolled at a university or community college in this state. No prior failing grades received by the veteran at the university or community college in this state may be considered.

11. Adopt any energy conservation standards promulgated by the department of administration for the construction of new buildings.

12. Employ for such time and purposes as the board requires attorneys whose compensation shall be fixed and paid by the board. Litigation to which the board is a party and for which self-insurance is not provided may be compromised or settled at the direction of the board.

13. Adopt annually an operating budget for each university equal to the sum of appropriated general fund monies and the amount of tuition, registration fees and other revenues approved by the board and allocated to each university operating budget.

14. In consultation with the state board of education and other education groups, develop and implement a program to award honors endorsements to be affixed to the high school diplomas of qualifying high school pupils and to be included in the transcripts of pupils who are awarded endorsements. The board shall develop application procedures and testing criteria and adopt testing instruments and procedures to administer the program. In order to receive an honors endorsement, a pupil must demonstrate an extraordinary level of knowledge, skill and competency as measured by the testing instruments adopted by the board in mathematics, English, science and social studies. Additional subjects may be added at the determination of the board. The program is voluntary for pupils.

15. Require the publisher of each literary and nonliterary textbook used in the universities of this state to furnish computer software in a standardized format when software becomes available for nonliterary textbooks~~,~~ to the Arizona board of regents from which braille versions of the textbooks may be produced.

16. Require universities that provide a degree in education to require courses that are necessary to obtain a provisional structured English immersion endorsement as prescribed by the state board of education.

17. ~~Beginning July 1, 2007,~~ Acquire United States flags for each classroom that are manufactured in the United States and that are at least two feet by three feet and hardware to appropriately display the United States flags, acquire a legible copy of the Constitution of the United States and the Bill of Rights, display the flags in each classroom in accordance with title 4 of the United States Code and display a legible copy of the Constitution of the United States and the Bill of Rights adjacent to the flag.

18. To facilitate the transfer of military personnel and their dependents to and from the public schools of this state, pursue, in cooperation with the state board of education, reciprocity agreements with other states concerning the transfer credits for military personnel and their dependents. A reciprocity agreement entered into pursuant to this paragraph shall:

(a) Address procedures for each of the following:

(i) The transfer of student records.

(ii) Awarding credit for completed course work.

(iii) Permitting a student to satisfy the graduation requirements prescribed in section 15-701.01 through the successful performance on comparable exit-level assessment instruments administered in another state.

(b) Include appropriate criteria developed by the state board of education and the Arizona board of regents.

19. Require a university to publicly post notices of all of its employment openings, including the title and description, instructions for applying and relevant contact information.

20. IN CONSULTATION WITH THE COMMUNITY COLLEGE DISTRICTS IN THIS STATE, DEVELOP AND IMPLEMENT COMMON EQUIVALENCIES FOR SPECIFIC LEVELS OF ACHIEVEMENT ON ADVANCED PLACEMENT EXAMINATIONS AND INTERNATIONAL BACCALAUREATE EXAMINATIONS IN ORDER TO AWARD COMMENSURATE POSTSECONDARY ACADEMIC CREDITS AT COMMUNITY COLLEGES AND PUBLIC UNIVERSITIES IN THIS STATE.

B. The board shall adopt personnel rules. All nonacademic employees of the universities are subject to these rules except for university presidents, university vice-presidents, university deans, legal counsel and administrative officers. The personnel rules shall be similar to the personnel rules under section 41-783. The rules shall include provisions for listing available positions with the department of economic security, competitive employment processes for applicants, probationary status for new nonacademic employees, nonprobationary status on successful completion of probation and due process protections of nonprobationary employees after discharge. The board shall provide notice of proposed rule adoption and an opportunity for public comment on all personnel rules proposed for adoption.

C. In conjunction with the auditor general, the board shall develop a uniform accounting and reporting system, which shall be reviewed by the joint legislative budget committee before final adoption by the board. The board shall require each university to comply with the uniform accounting and reporting system.

D. The board may employ legal assistance in procuring loans for the institutions from the United States government. Fees or compensation paid for such legal assistance shall not be a claim ~~upon~~ ON the general fund of this state but shall be paid from funds of the institutions.

E. The board shall approve or disapprove any contract or agreement entered into by the university of Arizona hospital with the Arizona health facilities authority.

F. The board may adopt policies ~~which~~ THAT authorize the institutions under its jurisdiction to enter into employment contracts with nontenured employees for periods of more than one year but not more than five years. The policies shall prescribe limitations on the authority of the institutions to enter into employment contracts for periods of more than one year but not more than five years, including the requirement that the board approve the contracts.

G. The board may adopt a plan or plans for employee benefits ~~which~~ THAT allow for participation in a cafeteria plan that meets the requirements of the United States internal revenue code of 1986.

H. The board may establish a program for the exchange of students between the universities under the jurisdiction of the board and colleges and

universities located in the state of Sonora, Mexico. Notwithstanding subsection A, paragraph 5 of this section, the program may provide for in-state tuition at the universities under the jurisdiction of the board for fifty Sonoran students in exchange for similar tuition provisions for up to fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or universities. The board may direct the universities to work in conjunction with the Arizona-Mexico commission to coordinate recruitment and admissions activities.

I. Subsection A, paragraph 6, subdivisions (a), (b), (c) and (d) of this section do not apply to fee increases that are set by individual universities and that do not require approval by the Arizona board of regents before the fee increase becomes effective.

Sec. 20. Section 15-1781, Arizona Revised Statutes, is amended to read:

15-1781. Definitions

In this article, unless the context otherwise requires: ~~,~~

1. "~~Board~~ COMMISSION" means the ~~Arizona board of regents~~ COMMISSION FOR POSTSECONDARY EDUCATION.

2. "QUALIFIED APPLICANT" OR "QUALIFIED STUDENT" MEANS AN ARIZONA RESIDENT WHO IS A CITIZEN OR LEGAL RESIDENT OF THE UNITED STATES OR WHO IS OTHERWISE LAWFULLY PRESENT IN THE UNITED STATES, WHO ATTENDS A QUALIFYING POSTSECONDARY INSTITUTION AND, IF ATTENDING A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS, WHO QUALIFIES FOR IN-STATE TUITION PURSUANT TO SECTION 15-1802.

3. "QUALIFYING POSTSECONDARY INSTITUTION" MEANS A REGIONALLY OR NATIONALLY ACCREDITED PUBLIC OR PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTION IN THIS STATE.

Sec. 21. Section 15-1782, Arizona Revised Statutes, is amended to read:

15-1782. Mathematics, science and special education teacher student loans; requirements; report

A. ~~Beginning with the spring semester of school year 2007-2008,~~ The ~~board~~ COMMISSION may grant loans from the mathematics, science and special education teacher student loan fund established by section 15-1784 to defray ~~in-state~~ tuition, instructional materials and mandatory fees of the education of students who are pursuing a teaching degree at a ~~university under the jurisdiction of the board~~ QUALIFYING POSTSECONDARY INSTITUTION and who are deemed qualified by the ~~board~~ COMMISSION to receive these loans. Loans shall be granted on such terms and conditions as may be imposed by the ~~board~~ COMMISSION and shall be distributed on a first come, first served basis.

B. The ~~board~~ COMMISSION shall grant loans to qualified applicants who ~~are classified as in-state students for tuition purposes pursuant to section 15-1802 and~~ agree to provide instruction in the ~~areas~~ AREA of mathematics, science or special education in a public school in this state.

C. The loans granted by the ~~board~~ COMMISSION shall be ~~sufficient to fully~~ USED TO cover the costs of ~~resident~~ tuition and mandatory fees for each loan recipient and may also defray the cost of instructional materials, BUT SHALL NOT EXCEED SEVEN THOUSAND DOLLARS EACH YEAR, EXCLUDING ALL GRANTS, SCHOLARSHIPS AND TUITION BENEFITS SUCH AS MILITARY, TRIBAL AND EMPLOYEE GRANTS, SCHOLARSHIPS AND BENEFITS. ~~If an applicant qualifies for federal financial aid and receives federal grant aid, the loan amount shall be limited to the amount of tuition and mandatory fees not covered by the federal grant aid and may include a stipend for instructional materials.~~

D. The ~~board~~ COMMISSION shall adopt policies for screening qualified applicants based on ability~~, character~~ and financial need, INCLUDING REQUIRING ALL APPLICANTS TO COMPLETE A FREE APPLICATION FOR STUDENT FEDERAL AID.

E. The ~~board~~ COMMISSION shall grant loans on the terms and conditions the ~~board~~ COMMISSION imposes. The ~~board~~ COMMISSION shall establish procedures for the timely repayment of loans plus interest at a rate determined by the ~~board~~ COMMISSION. The ~~board~~ COMMISSION is responsible for the collection of ~~loans that are in default~~ LOAN REPAYMENTS.

F. The ~~board~~ COMMISSION may ~~delegate authority to administer the loans pursuant to this article to an institution under the jurisdiction of the board~~ PARTNER WITH QUALIFYING POSTSECONDARY INSTITUTIONS TO ADMINISTER THESE LOANS. ~~If the board delegates authority, students pursuing a teaching degree at each institution under the jurisdiction of the board shall be equally eligible to participate.~~ The ~~board~~ COMMISSION shall ~~retain responsibility of making~~ PROVIDE initial public notice of the availability of the loans and collect the application forms directly from each qualified applicant. The ~~board~~ COMMISSION shall forward ~~the applications to the institution selected to administer the loans~~ A REQUEST FOR VERIFICATION OF ATTENDANCE, SATISFACTORY ACADEMIC PROGRESS, FINANCIAL NEED AND ENROLLMENT IN A QUALIFIED PROGRAM TO THE INSTITUTION.

G. On or before December 1 of each year, the ~~Arizona board of regents~~ COMMISSION shall submit an approved report to the governor, the speaker of the house of representatives, the president of the senate and the joint legislative budget committee. The ~~board~~ COMMISSION shall provide a copy of this report to the secretary of state ~~and the director of the Arizona state library, archives and public records~~. The report shall include the number of applicants, the number of loan recipients, the ~~university~~ QUALIFYING POSTSECONDARY INSTITUTION each loan recipient attends, the name of THE school at which each loan recipient is employed, the number of good cause repayment exceptions granted by the ~~board~~ COMMISSION, the reason for each good cause exception granted and teacher retention data. The ~~board~~ COMMISSION shall collect and maintain data on the retention of mathematics, science and special education teachers who received loans pursuant to this article. The ~~board~~ COMMISSION shall collect this data for at least five years after each loan recipient completes the recipient's service commitment.

Sec. 22. Section 15-1783, Arizona Revised Statutes, is amended to read:

15-1783. Mathematics, science and special education teacher student loans; interest; obligations; repayment; authority of attorney general

A. Each applicant who is approved for a loan by the ~~board~~ COMMISSION may be granted a loan for a period of up to five years.

B. The ~~board~~ COMMISSION, on behalf of this state, shall enter into a written contract with the QUALIFIED student. The contract shall set forth the methods and terms of repayment by the loan recipient to this state and shall be on terms and conditions and in a form provided by the ~~board~~ COMMISSION. The contract shall provide for the following:

1. The loan recipient shall begin the service commitment providing instruction in the ~~areas~~ AREA of mathematics, science or special education in a public school in this state within one calendar year after attaining a bachelor's degree at ~~an accredited university in this state~~ A QUALIFYING POSTSECONDARY INSTITUTION. The service commitment shall be full-time as determined by the ~~board~~ COMMISSION and requires one year of service for each year of loan support plus one additional year of service.

2. If the loan recipient engages in postgraduate studies without a lapse of more than one calendar year following the completion of the loan recipient's bachelor's degree at ~~an accredited university in this state~~ A QUALIFYING POSTSECONDARY INSTITUTION, the loan recipient shall begin the service commitment required under paragraph 1 within one calendar year after completing postgraduate studies.

3. If the loan recipient is inducted into military service, or for any other cause beyond the loan recipient's control deemed sufficient by the ~~board~~ COMMISSION is unable to begin the service commitment required under paragraph 1 within one calendar year after completing a bachelor's degree and any graduate studies, the loan recipient shall begin the service commitment required under paragraph 1 within one calendar year after completing the required military service or the termination of any other cause.

4. If the loan recipient fulfills the service commitment required under paragraph 1 in a public school in this state or while completing military service resulting from induction, the loan recipient's indebtedness to this state may be discharged in one of the following ways:

(a) One year of full-time service required under paragraph 1 for each year of loan support plus one additional year of service.

(b) Repayment to this state of the total loan amount for each year of support with interest at the rate prescribed in subsection C.

5. If the loan recipient fails to complete the required course of study, if the course of study is interrupted by one academic year or more for a cause or causes not resulting from induction into military service or any other cause beyond the loan recipient's control deemed sufficient by the ~~board~~ COMMISSION or if the loan recipient fails to fully discharge the

service commitment required under paragraph 1, except for delays resulting from an excusable cause as prescribed in this section, the amount of the loan not repaid or fully discharged shall be due and payable with interest at the rate prescribed in subsection C. The ~~board~~ COMMISSION may extend the time of payment over a period not exceeding fifteen years and shall not require payment of interest during the existence of any excusable cause as prescribed in this section.

6. If the loan recipient does not begin the service commitment required under paragraph 1 within the time prescribed in this section but paid an agreed part of the loan, the ~~board~~ COMMISSION may allow the loan recipient to discharge the balance of the obligation by subsequent teaching in this state.

7. If the loan recipient dies during the period of the loan recipient's education or practice as a teacher, the loan recipient's obligation to this state under this article ceases.

C. The loan recipient shall repay the full amount borrowed at an interest rate of at least seven per cent.

D. On receipt of supporting documentation, the ~~board~~ COMMISSION for good cause shown may defer the loan recipient's service commitment or repayment obligation or may enter into repayment arrangements with the loan recipient or allow service that is equivalent to full-time service if the ~~board~~ COMMISSION determines that this action is justified after a review of the individual's circumstances. At the discretion of the ~~board~~ COMMISSION, the ~~board~~ COMMISSION may allow service by teaching in another area of recognized need in this state that is not specified in the QUALIFIED student's contract, but only following prior written approval by the ~~board~~ COMMISSION.

E. The attorney general may commence whatever actions are necessary to enforce the contract and achieve repayment of loans provided by the ~~board~~ COMMISSION pursuant to this article.

Sec. 23. Section 15-1784, Arizona Revised Statutes, is amended to read:

15-1784. <u>Mathematics, science and special education teacher student loan fund</u>

A. The mathematics, science and special education teacher student loan fund is established. All monies appropriated to carry out the purposes of sections 15-1782 and 15-1783 shall be deposited in the fund, and all payments of principal and interest that are received by the ~~board~~ COMMISSION shall be deposited, pursuant to sections 35-146 and 35-147, in the fund.

B. Monies in the fund are continuously appropriated for use by the ~~board~~ COMMISSION. THE COMMISSION MAY RETAIN UP TO TEN PER CENT OF THE AMOUNT DEPOSITED EACH FISCAL YEAR IN THE FUND FOR THE PURPOSES OF ADMINISTERING THE LOAN PROGRAM ESTABLISHED BY THIS ARTICLE AND MAY USE THE INTEREST DEPOSITED IN THE FUND TO COVER THE ADMINISTRATIVE COSTS OF THE LOAN REPAYMENT RESPONSIBILITIES ESTABLISHED BY THIS ARTICLE.

C. On notice from the ~~board~~ COMMISSION, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

Sec. 24. Section 15-1851, Arizona Revised Statutes, is amended to read:

15-1851. Commission for postsecondary education; purpose; report; members; terms; powers and duties; compensation; quorum; immunity; definition

A. The commission for postsecondary education is established and shall administer the applicable programs identified under section 1203 of the higher education act amendments of 1998 (P.L. 105-244), including the leveraging educational assistance partnership program, the federal family education loan program and the Paul Douglas teacher scholarships program, and shall supervise the state guarantee agency under the higher education act amendments of 1998.

B. In addition to the responsibilities prescribed in subsection A of this section, the commission shall:

1. Provide a forum to public and private postsecondary education institutions for discussion of issues of mutual interest, including the following:

(a) The postsecondary needs of unserved and underserved individuals in this state.

(b) The resources of public and private institutions, organizations and agencies that are located in this state and that are capable of providing postsecondary education opportunities.

(c) Enrollment demand and public policy options to meet statewide needs for postsecondary education services.

(d) Cooperative comprehensive instructional and capital planning.

2. Provide reports pursuant to this subsection on discussions of issues of mutual interest.

3. Coordinate and promote collaborative studies on issues of mutual interest to public and private postsecondary education institutions.

4. Compile and disseminate information to the public regarding postsecondary education opportunities in this state.

5. Prepare an annual report that summarizes the results of the commission's activities prescribed in this section and section 15-1852. The annual report shall be submitted to the speaker of the house of representatives, the president of the senate, the governor and the Arizona state library, archives and public records by December 28.

6. ADMINISTER THE MATHEMATICS, SCIENCE AND SPECIAL EDUCATION TEACHER STUDENT LOAN PROGRAM ESTABLISHED BY CHAPTER 13, ARTICLE 11 OF THIS TITLE.

C. The commission consists of the executive director of the Arizona board of regents, the executive director of the state board for private postsecondary education and the following additional members who shall be appointed by the governor pursuant to section 38-211:

1. Two members who hold senior executive or managerial positions in a university under the jurisdiction of the Arizona board of regents.

2. Two members who hold senior executive or managerial positions in a community college district, one representing a community college district in a county with a population of five hundred thousand persons or more and one representing a community college district in a county with a population of less than five hundred thousand persons.

3. Two members who hold senior executive or managerial positions in private postsecondary institutions of higher education that are licensed under title 32, chapter 30, that are located in this state, that offer bachelor or higher degrees and that are accredited by a regional accreditation agency approved by the United States department of education.

4. Two members who hold senior executive or managerial positions in private postsecondary institutions of higher education that are licensed under title 32, chapter 30, that are located in this state, that offer vocational education programs and that are accredited by a national accreditation agency approved by the United States department of education.

5. One member who holds a senior executive or managerial position in a private cosmetology school that is licensed under title 32, chapter 5, that is located in this state, that offers cosmetology programs approved by the board of cosmetology and that is accredited by a national accreditation agency approved by the United States department of education.

6. One member who holds a senior executive or managerial position in an institution that is licensed under title 32, chapter 23 or under ~~the provisions of~~ 14 Code of Federal Regulations part 147, that offers vocational education programs at the postsecondary level, that is located in this state and that is not an institution that is qualified under any other category.

7. One member who has held a senior executive or managerial level position in commerce or industry in this state for at least three years before the member's appointment and who is not qualified to serve under any other category.

8. Two members who hold senior executive or managerial positions in the high school education system in this state.

9. One member who is an owner, operator or administrator of a charter school in this state.

D. Members of the commission appointed pursuant to subsection C, paragraphs 1 through 9 of this section shall serve four year terms. Appointed members of the commission shall be residents of this state. Appointed members of the commission at all times during their terms shall continue to be eligible for appointment under the category that they were appointed to represent. Terms of appointed members of the commission begin on the third Monday in January. No appointed member of the commission may serve more than two consecutive terms.

E. The executive director of the Arizona board of regents and the executive director of the state board for private postsecondary education serve as members of the commission during their respective terms of office and are not eligible to vote with respect to the commission's review of any postsecondary institution.

F. Members appointed pursuant to subsection C, paragraphs 1 through 9 of this section are eligible to receive compensation pursuant to section 38-611 for each day spent in the performance of commission duties and may be reimbursed for expenses properly incurred in connection with the attendance at meetings or hearings of the commission.

G. The governor shall appoint a chairman from among the members of the commission who shall serve a one year term that begins on the third Monday in January.

H. A majority of the members of the commission ~~constitutes~~ CONSTITUTE a quorum for the transaction of commission business. The vote of a majority of the quorum constitutes authority for the commission to act.

I. Members of the commission are immune from personal liability with respect to all actions that are taken in good faith and within the scope of the commission's authority.

J. For the purposes of this section, "community college district" means a community college district that is established pursuant to sections 15-1402 and 15-1403 and that is a political subdivision of this state.

Sec. 25. Section 35-512, Arizona Revised Statutes, is amended to read:

35-512. Authority to comply with federal income tax laws

A. The governing body of any department, agency, instrumentality of this state or any political subdivision may make any covenant, order any rebate, file any tax return, report any information and order the limitation on the yield of any investment made with the proceeds from the sale of its bonds or with taxes, revenues or other income pledged, held in trust or otherwise used to pay principal, interest and premium, if any, on its bonds in consideration for ~~retaining~~ ANY FEDERAL TAX BENEFITS, PAYMENTS OR CREDITS RELATING TO A BOND ISSUED UNDER ANY PROVISION OF LAW, INCLUDING FEDERAL TAX CREDITS, FEDERAL SUBSIDY PAYMENTS AND RETENTION OF the exemption from federal income taxes for the interest income on a bond issued ~~under any provision of law~~.

B. To induce prospective purchasers to purchase bonds, the governing body of any department, agency or instrumentality of this state or any political subdivision may provide in any resolution, ordinance, indenture or contract authorizing or providing for the issuance of bonds, or in the bonds themselves, that in the event the interest on such bonds is declared to be subject to federal income taxation in a final decision of a court having jurisdiction in the matter and on such additional conditions as the governing body may prescribe, the interest rate, including prior interest paid if applicable, may increase to a predetermined rate. The predetermined rate may be calculated in any manner. This subsection shall not be construed to allow

interest rates to increase above the maximum rate that otherwise may be provided by law, election or contractual agreement.

Sec. 26. Title 41, chapter 32, article 1, Arizona Revised Statutes, is amended by adding section 41-3508, to read:

41-3508. Statewide e-rate program fund

A. THE STATEWIDE E-RATE PROGRAM FUND IS ESTABLISHED. THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY SHALL ADMINISTER THE FUND. THE STATEWIDE E-RATE PROGRAM FUND SHALL CONSIST OF:

1. MONIES RECEIVED PURSUANT TO THE E-RATE PROGRAM UNDER THE TELECOMMUNICATIONS ACT OF 1996 OR OTHER GRANTS TO ASSIST THIS STATE IN IMPROVING BROADBAND INTERNET AND TELECOMMUNICATIONS ACCESS FOR PUBLIC SCHOOLS AND LIBRARIES IN THIS STATE.

2. MONIES RECEIVED AS A RESULT OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY AND OTHER POLITICAL SUBDIVISIONS OF THIS STATE.

3. MONIES RECEIVED FROM PRIVATE GRANTS OR DONATIONS IF DESIGNATED FOR THE FUND BY THE GRANTOR OR DONOR.

B. MONIES IN THE FUND SHALL BE USED TO ASSIST PUBLIC SCHOOL DISTRICTS, CHARTER SCHOOLS AND LIBRARIES TO SUBMIT APPLICATIONS FOR FUNDING PURSUANT TO SUBSECTION C AND TO FULFILL THE TERMS OF AN INTERGOVERNMENTAL AGREEMENT OR PRIVATE CONTRACT PURSUANT TO SUBSECTION D.

C. THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY SHALL DEVELOP POLICIES AND PROCEDURES FOR THE E-RATE APPLICATION FOR PUBLIC SCHOOL DISTRICTS, CHARTER SCHOOLS AND LIBRARIES IN THIS STATE, INCLUDING PROVIDING TECHNICAL ASSISTANCE.

D. THE GOVERNMENT INFORMATION TECHNOLOGY AGENCY MAY ENTER INTO CONTRACTS WITH PRIVATE ORGANIZATIONS AND INTERGOVERNMENTAL AGREEMENTS WITH OTHER STATE AGENCIES AND POLITICAL SUBDIVISIONS OF THIS STATE TO ADMINISTER THE STATEWIDE E-RATE PROGRAM.

Sec. 27. Section 43-1089.01, Arizona Revised Statutes, is amended to read:

43-1089.01. Tax credit; public school fees and contributions; definitions

A. A credit is allowed against the taxes imposed by this title for the amount of any fees or cash contributions by a taxpayer or on the taxpayer's behalf pursuant to section 43-401, subsection ~~H~~ I during the taxable year to a public school located in this state for the support of extracurricular activities or character education programs of the public school, but not exceeding:

1. Two hundred dollars for a single individual or a head of household.

2. Three hundred dollars in taxable year 2005 for a married couple filing a joint return.

3. Four hundred dollars in taxable year 2006 and any subsequent taxable year for a married couple filing a joint return.

B. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax credit that would have been allowed for a joint return.

C. The credit allowed by this section is in lieu of any deduction pursuant to section 170 of the internal revenue code and taken for state tax purposes.

D. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

E. The site council of the public school that receives contributions that are not designated for a specific purpose shall determine how the contributions are used at the school site. If a charter school does not have a site council, the principal, director or chief administrator of the charter school shall determine how the contributions that are not designated for a specific purpose are used at the school site.

F. A public school that receives fees or a cash contribution pursuant to subsection A of this section shall report to the department, in a form prescribed by the department, by February 28 of each year the following information:

1. The total number of fee and cash contribution payments received during the previous calendar year.

2. The total dollar amount of fees and contributions received during the previous calendar year.

3. The total dollar amount of fees and contributions spent by the school during the previous calendar year.

G. For the purposes of this section:

1. "Character education programs" means a program described in section 15-719.

2. "Extracurricular activities" means school sponsored activities that require enrolled students to pay a fee in order to participate including fees for:

(a) Band uniforms.

(b) Equipment or uniforms for varsity athletic activities.

(c) Scientific laboratory materials.

(d) In-state or out-of-state trips that are solely for competitive events. Extracurricular activities do not include any senior trips or events that are recreational, amusement or tourist activities.

3. "PUBLIC SCHOOL" MEANS A SCHOOL THAT IS PART OF A SCHOOL DISTRICT, A JOINT TECHNICAL EDUCATION DISTRICT OR A CHARTER SCHOOL.

Sec. 28. Laws 2007, chapter 283, section 6 is amended to read:

Sec. 6. <u>Unification; former common school districts</u>

A. A common school district that is not within the boundaries of a high school district and that was authorized by the qualified electors to

establish a unified school district with boundaries coterminous with the boundaries of the common school district in an election held before the effective date of this section may continue calculating its budget and equalization assistance pursuant to section 15-951, Arizona Revised Statutes, until a high school is constructed for the newly formed unified school district, or until June 30, ~~2011~~ 2016, whichever occurs first.

B. A newly formed unified school district that meets the requirements of subsection A of this section and that phases in instruction for pupils in grades nine through twelve may continue calculating its budget and equalization assistance pursuant to section 15-951, Arizona Revised Statutes, for a maximum of three years after the first year of the operation of the new high school in the newly formed unified school district.

C. Notwithstanding this section or any other law, a school district shall not retroactively adjust its budget for any fiscal year pursuant to this section.

Sec. 29. Laws 2007, chapter 234, section 5, as amended by Laws 2008, chapter 111, section 9, is amended to read:

Sec. 5. <u>Errors in school district budget calculation; correction</u>

A. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that miscalculated its fiscal year 2004-2005 budget shall be required to correct the error over a five-year period beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if each of the following conditions exist:

1. The school district provides evidence to the superintendent of public instruction that the school district's budget for the current year is properly calculated and will not result in any overexpenditures.

2. The total amount of the correction from the maintenance and operations fund that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than two hundred twenty thousand dollars but less than two hundred forty thousand dollars.

3. The total amount of the correction from the unrestricted capital outlay fund that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than three thousand dollars but less than five thousand dollars.

4. The average daily membership of the school district in fiscal year 2004-2005 was more than eight hundred eighty but less than nine hundred forty.

B. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that miscalculated its budgets during fiscal year 2005-2006 shall correct the error over a six-year period beginning in fiscal year 2007-2008 and ending in fiscal year 2012-2013 if both of the following conditions exist:

1. The department of education erroneously doubled the amount that should have been calculated pursuant to section 15-905, subsection O, Arizona

Revised Statutes, and that erroneous action resulted in an overstated general budget limit.

2. The total amount of the correction that would otherwise be required under this section is more than four hundred thousand dollars but less than one million two hundred thousand dollars.

C. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that miscalculated its budgets during fiscal year 2005-2006 shall be required to correct the error over a five-year period beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if each of the following conditions exist:

1. The school district reported a total attending average daily membership count of more than one thousand one hundred pupils and less than one thousand two hundred pupils for the 2005-2006 school year in the annual report of the superintendent of public instruction for fiscal year 2005-2006.

2. The total amount of the correction that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than four hundred thousand dollars but less than four hundred fifty thousand dollars.

D. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that overexpended its budgets during fiscal years 2003-2004, 2004-2005 and 2005-2006 is required to correct these overexpenditures plus any overexpenditures for fiscal year 2006-2007 ~~over a nine-year period~~ in installments beginning in fiscal year ~~2008-2009 and ending in fiscal year 2016-2017~~ 2010-2011. The annual installments, including the principal and interest, shall be five per cent in the first, ~~and~~ second, THIRD AND FOURTH fiscal years~~,~~ AND ten per cent ~~in the third, fourth and fifth fiscal years and fifteen per cent~~ in the remaining fiscal years. This subsection applies to a school district if each of the following conditions exist:

1. The total amount of the corrections for fiscal years 2003-2004, 2004-2005 and 2005-2006 that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than three million dollars but less than three million four hundred thousand dollars.

2. The school district did not receive state aid for equalization assistance for education during fiscal year 2005-2006 or fiscal year 2006-2007.

3. The school district's student count calculated pursuant to section 15-902, Arizona Revised Statutes, during fiscal year 2005-2006 is more than eight hundred but less than nine hundred twenty.

E. In addition to the monies required to be repaid pursuant to subsections A, B, C and D of this section, accrued interest is required to be paid at a rate determined by the superintendent of public instruction.

Sec. 30. Repeal

Laws 2009, third special session, chapter 12, section 67 is repealed.

Sec. 31. Repeal

Laws 2009, third special session, chapter 12, section 70 is repealed.

Sec. 32. Charter school sponsorship; universities and community college districts; limitations

A university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts may each approve:

1. For fiscal year 2010-2011, no more than two charter school applications.

2. For fiscal year 2011-2012, no more than three charter school applications.

3. For fiscal year 2012-2013, no more than four charter school applications.

Sec. 33. School district property; joint technical education districts

Notwithstanding any other law, for fiscal year 2010-2011, a school district governing board may sell any school property to a joint technical education district with an existing central campus if the sale will not affect the normal operations of a school in the school district.

Sec. 34. School districts expenditure of remaining bond proceeds

Notwithstanding section 15-491, subsection J, Arizona Revised Statutes, when nine years or more have passed since an election that authorized a school district to issue bonds, the school district may choose to use the proceeds of any bonds authorized at that election for any necessary capital improvement, provided that the school district's governing board votes to authorize the proposed use of the bond proceeds prior to June 30, 2013.

Sec. 35. New school facilities; square footage cost adjustments

Notwithstanding any other law, the cost per square foot for new school facilities projects that were approved by the school facilities board between January 1, 2005 and November 4, 2009 and continue to qualify in fiscal year 2010-2011, but have been delayed by the moratorium on new school construction funding, shall be updated by the school facilities board to the approved funding formula in place at the time the project is issued for bid.

Sec. 36. Errors in school district budget calculation; correction

A. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that miscalculated its fiscal year 2008-2009 budget shall correct the error over a five-year period beginning in fiscal year 2010-2011 and ending in fiscal year 2015-2016 if all of the following conditions exist:

1. The school district is a unified school district.

2. The school district provides evidence to the superintendent of public instruction that the school district's budget for the current year is properly calculated and will not result in any overexpenditures.

3. The total amount of the correction from the maintenance and operations fund that would otherwise be required under section 15-915,

Arizona Revised Statutes, is more than four hundred fifty thousand dollars but less than five hundred thousand dollars.

4. The average daily membership of the school district in fiscal year 2008-2009 was more than four thousand but less than four thousand five hundred.

B. In addition to the monies required to be repaid pursuant to subsection A of this section, accrued interest shall be paid at a rate determined by the superintendent of public instruction.

Sec. 37. School districts; impact aid monies; offset; retroactivity

A. Notwithstanding any other law, for fiscal years 2009-2010 and 2010-2011, a school district that has a primary and secondary property tax rate of zero for tax years 2009 and 2010 and that receives federal impact aid monies for fiscal years 2009-2010 and 2010-2011, which, when added to other revenues available to the school district, are in excess of the amount needed to fund budget limits established in law, may use all or a portion of those federal impact aid monies to offset the soft capital funding reduction that the school district would otherwise experience for fiscal years 2009-2010 and 2010-2011 under this act and may adjust its applicable budget limits accordingly.

B. This section is effective retroactively to from and after June 30, 2009.

Sec. 38. Effective dates

A. Sections 15-1781, 15-1782, 15-1783, 15-1784 and 15-1851, Arizona Revised Statutes, as amended by this act, are effective from and after June 30, 2011.

B. Section 15-342, Arizona Revised Statutes, as amended by section 10 of this act, is effective from and after June 30, 2013.

Sec. 39. Retroactivity

Sections 15-1024 and 35-512, Arizona Revised Statutes, as amended by this act apply retroactively to from and after May 30, 2009.

APPROVED BY THE GOVERNOR MAY 11, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2010.