

REFERENCE TITLE: K-12 education; budget reconciliation; 2014-2015.

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

HB 2704

Introduced by
Representatives Kavanagh, Boyer, Kwasman, Olson, Ugenti (with permission
of Committee on Rules)

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-216; AMENDING SECTIONS 15-901, 15-917, 15-945, 15-2002, 15-2032 AND 15-2041, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF SECTION 15-216, ARIZONA REVISED STATUTES, AS ADDED BY THIS ACT; MAKING APPROPRIATIONS AND TRANSFERS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-183, Arizona Revised Statutes, is amended to
3 read:
4 15-183. Charter schools; application; requirements; immunity;
5 exemptions; renewal of application; reprisal; fee;
6 funds
7 A. An applicant seeking to establish a charter school shall submit a
8 written application to a proposed sponsor as prescribed in subsection C of
9 this section. The application, application process and application time
10 frames shall be posted on the sponsor's website and shall include the
11 following, as specified in the application adopted by the sponsor:
12 1. A detailed educational plan.
13 2. A detailed business plan.
14 3. A detailed operational plan.
15 4. Any other materials required by the sponsor.
16 B. The sponsor of a charter school may contract with a public body,
17 private person or private organization for the purpose of establishing a
18 charter school pursuant to this article.
19 C. The sponsor of a charter school may be either a school district
20 governing board, the state board of education, the state board for charter
21 schools, a university under the jurisdiction of the Arizona board of regents,
22 a community college district with enrollment of more than fifteen thousand
23 full-time equivalent students or a group of community college districts with
24 a combined enrollment of more than fifteen thousand full-time equivalent
25 students, subject to the following requirements:
26 1. For charter schools that submit an application for sponsorship to a
27 school district governing board:
28 (a) An applicant for a charter school may submit its application to a
29 school district governing board, which shall either accept or reject
30 sponsorship of the charter school within ninety days. An applicant may
31 submit a revised application for reconsideration by the governing board. If
32 the governing board rejects the application, the governing board shall notify
33 the applicant in writing of the reasons for the rejection. The applicant may
34 request, and the governing board may provide, technical assistance to improve
35 the application.
36 (b) In the first year that a school district is determined to be out
37 of compliance with the uniform system of financial records, within fifteen
38 days of the determination of noncompliance, the school district shall notify
39 by certified mail each charter school sponsored by the school district that
40 the school district is out of compliance with the uniform system of financial
41 records. The notification shall include a statement that if the school
42 district is determined to be out of compliance for a second consecutive year,
43 the charter school will be required to transfer sponsorship to another entity
44 pursuant to subdivision (c) of this paragraph.

1 (c) In the second consecutive year that a school district is
2 determined to be out of compliance with the uniform system of financial
3 records, within fifteen days of the determination of noncompliance, the
4 school district shall notify by certified mail each charter school sponsored
5 by the school district that the school district is out of compliance with the
6 uniform system of financial records. A charter school that receives a
7 notification of school district noncompliance pursuant to this subdivision
8 shall file a written sponsorship transfer application within forty-five days
9 with the state board of education, the state board for charter schools or the
10 school district governing board if the charter school is located within the
11 geographic boundaries of that school district. A charter school that
12 receives a notification of school district noncompliance may request an
13 extension of time to file a sponsorship transfer application, and the state
14 board of education, the state board for charter schools or a school district
15 governing board may grant an extension of not more than an additional thirty
16 days if good cause exists for the extension. The state board of education
17 and the state board for charter schools shall approve a sponsorship transfer
18 application pursuant to this paragraph.

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

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

25 (f) NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT GOVERNING BOARD
26 SHALL NOT GRANT A CHARTER TO A NEW CHARTER SCHOOL THAT BEGINS INITIAL
27 OPERATIONS AFTER JUNE 30, 2013 OR CONVERT AN EXISTING DISTRICT PUBLIC SCHOOL
28 TO A CHARTER SCHOOL THAT BEGINS INITIAL OPERATIONS AFTER JUNE 30, 2013.

29 2. The applicant may submit the application to the state board of
30 education or the state board for charter schools. NOTWITHSTANDING ANY OTHER
31 LAW, NEITHER THE STATE BOARD FOR CHARTER SCHOOLS NOR THE STATE BOARD OF
32 EDUCATION SHALL GRANT A CHARTER TO A SCHOOL DISTRICT GOVERNING BOARD FOR A
33 NEW CHARTER SCHOOL THAT BEGINS INITIAL OPERATIONS AFTER JUNE 30, 2013 OR FOR
34 THE CONVERSION OF AN EXISTING DISTRICT PUBLIC SCHOOL TO A CHARTER SCHOOL THAT
35 BEGINS INITIAL OPERATIONS AFTER JUNE 30, 2013. The state board of education
36 or the state board for charter schools may approve the application if the
37 application meets the requirements of this article and may approve the
38 charter if the proposed sponsor determines, within its sole discretion, that
39 the applicant is sufficiently qualified to operate a charter school and that
40 the applicant is applying to operate as a separate charter holder by
41 considering factors such as whether:

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

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

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

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

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

8 (f) It is reconstituting an existing grade configuration from a prior
9 charter holder with at least one grade remaining on the original site with
10 the other grade or grades moving to a new site.

11 The state board of education or the state board for charter schools may
12 approve any charter schools transferring charters. The state board of
13 education and the state board for charter schools shall approve any charter
14 schools transferring charters from a school district that is determined to be
15 out of compliance with the uniform system of financial records pursuant to
16 this section, but may require the charter school to sign a new charter that
17 is equivalent to the charter awarded by the former sponsor. If the state
18 board of education or the state board for charter schools rejects the
19 preliminary application, the state board of education or the state board for
20 charter schools shall notify the applicant in writing of the reasons for the
21 rejection and of suggestions for improving the application. An applicant may
22 submit a revised application for reconsideration by the state board of
23 education or the state board for charter schools. The applicant may request,
24 and the state board of education or the state board for charter schools may
25 provide, technical assistance to improve the application.

26 3. The applicant may submit the application to a university under the
27 jurisdiction of the Arizona board of regents, a community college district or
28 a group of community college districts. **A UNIVERSITY, A COMMUNITY COLLEGE
29 DISTRICT OR A GROUP OF COMMUNITY COLLEGE DISTRICTS SHALL NOT GRANT A CHARTER
30 TO A SCHOOL DISTRICT GOVERNING BOARD FOR A NEW CHARTER SCHOOL THAT BEGINS
31 INITIAL OPERATIONS AFTER JUNE 30, 2013 OR FOR THE CONVERSION OF AN EXISTING
32 DISTRICT PUBLIC SCHOOL TO A CHARTER SCHOOL THAT BEGINS INITIAL OPERATIONS
33 AFTER JUNE 30, 2013.** A university, a community college district or a group
34 of community college districts may approve the application if it meets the
35 requirements of this article and if the proposed sponsor determines, in its
36 sole discretion, that the applicant is sufficiently qualified to operate a
37 charter school.

38 4. Each applicant seeking to establish a charter school shall submit a
39 full set of fingerprints to the approving agency for the purpose of obtaining
40 a state and federal criminal records check pursuant to section 41-1750 and
41 Public Law 92-544. If an applicant will have direct contact with students,
42 the applicant shall possess a valid fingerprint clearance card that is issued
43 pursuant to title 41, chapter 12, article 3.1. The department of public
44 safety may exchange this fingerprint data with the federal bureau of

1 investigation. The criminal records check shall be completed before the
2 issuance of a charter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 4. Ensure that it designs a method to measure pupil progress toward
43 the pupil outcomes adopted by the state board of education pursuant to
44 section 15-741.01, including participation in the Arizona instrument to
45 measure standards test and the nationally standardized norm-referenced

1 achievement test as designated by the state board and the completion and
2 distribution of an annual report card as prescribed in chapter 7, article 3
3 of this title.

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

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

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

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

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

35 F. A charter school shall keep on file the resumes of all current and
36 former employees who provide instruction to pupils at the charter school.
37 Resumes shall include an individual's educational and teaching background and
38 experience in a particular academic content subject area. A charter school
39 shall inform parents and guardians of the availability of the resume
40 information and shall make the resume information available for inspection on
41 request of parents and guardians of pupils enrolled at the charter school.
42 This subsection does not require any charter school to release personally
43 identifiable information in relation to any teacher or employee, including
44 the teacher's or employee's address, salary, social security number or
45 telephone number.

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

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

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

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

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

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

22 (c) Complete the obligations of the contract.

23 (d) Comply with this article or any provision of law from which the
24 charter school is not exempt.

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

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

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

40 (c) Complete the obligations of the contract.

41 (d) Comply with this article or any provision of law from which the
42 charter school is not exempt.

43 3. A sponsor shall review a charter at five-year intervals using a
44 performance framework adopted by the sponsor and may revoke a charter at any
45 time if the charter school breaches one or more provisions of its charter or

1 if the sponsor determines that the charter holder has failed to do any of the
2 following:

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

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

7 (c) Comply with this article or any provision of law from which the
8 charter school is not exempt.

9 4. At least sixty days before the effective date of the proposed
10 revocation, the sponsor shall give written notice to the operator of the
11 charter school of its intent to revoke the charter. Notice of the sponsor's
12 intent to revoke the charter shall be delivered personally to the operator of
13 the charter school or sent by certified mail, return receipt requested, to
14 the address of the charter school. The notice shall incorporate a statement
15 of reasons for the proposed revocation of the charter. The sponsor shall
16 allow the charter school at least sixty days to correct the problems
17 associated with the reasons for the proposed revocation of the charter. The
18 final determination of whether to revoke the charter shall be made at a
19 public hearing called for such purpose.

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

21 K. A charter school that is sponsored by the state board of education,
22 the state board for charter schools, a university, a community college
23 district or a group of community college districts may not be located on the
24 property of a school district unless the district governing board grants this
25 authority.

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

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

40 (a) Disciplinary or corrective action.

41 (b) Detail, transfer or reassignment.

42 (c) Suspension, demotion or dismissal.

43 (d) An unfavorable performance evaluation.

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

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

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

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

7 (a) Suspension or termination of the program.

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

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

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

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

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

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

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

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

38 R. The sponsoring entity of a charter school shall have oversight and
39 administrative responsibility for the charter schools that it sponsors. In
40 implementing its oversight and administrative responsibilities, the sponsor
41 shall ground its actions in evidence of the charter holder's performance in
42 accordance with the performance framework adopted by the sponsor. The
43 performance framework shall be publicly available, shall be placed on the
44 sponsoring entity's website and shall include:

- 1 1. The academic performance expectations of the charter school and the
2 measurement of sufficient progress toward the academic performance
3 expectations.
- 4 2. The operational expectations of the charter school, including
5 adherence to all applicable laws and obligations of the charter contract.
- 6 3. Intervention and improvement policies.
- 7 S. Charter schools may pledge, assign or encumber their assets to be
8 used as collateral for loans or extensions of credit.
- 9 T. All property accumulated by a charter school shall remain the
10 property of the charter school.
- 11 U. Charter schools may not locate a school on property that is less
12 than one-fourth mile from agricultural land regulated pursuant to section
13 3-365, except that the owner of the agricultural land may agree to comply
14 with the buffer zone requirements of section 3-365. If the owner agrees in
15 writing to comply with the buffer zone requirements and records the agreement
16 in the office of the county recorder as a restrictive covenant running with
17 the title to the land, the charter school may locate a school within the
18 affected buffer zone. The agreement may include any stipulations regarding
19 the charter school, including conditions for future expansion of the school
20 and changes in the operational status of the school that will result in a
21 breach of the agreement.
- 22 V. A transfer of a charter to another sponsor, a transfer of a charter
23 school site to another sponsor or a transfer of a charter school site to a
24 different charter shall be completed before the beginning of the fiscal year
25 that the transfer is scheduled to become effective. An entity that sponsors
26 charter schools may accept a transferring school after the beginning of the
27 fiscal year if the transfer is approved by the superintendent of public
28 instruction. The superintendent of public instruction shall have the
29 discretion to consider each transfer during the fiscal year on a case by case
30 basis. If a charter school is sponsored by a school district that is
31 determined to be out of compliance with this title, the uniform system of
32 financial records or any other state or federal law, the charter school may
33 transfer to another sponsoring entity at any time during the fiscal year. A
34 charter holder seeking to transfer sponsors shall comply with the current
35 charter terms regarding assignment of the charter. A charter holder
36 transferring sponsors shall notify the current sponsor that the transfer has
37 been approved by the new sponsor.
- 38 W. Notwithstanding subsection V of this section, a charter holder on
39 an improvement plan must notify parents or guardians of registered students
40 of the intent to transfer the charter and the timing of the proposed
41 transfer. On the approved transfer, the new sponsor shall enforce the
42 improvement plan but may modify the plan based on performance.

1 X. Notwithstanding subsection Y of this section, the state board for
2 charter schools shall charge a processing fee to any charter school that
3 amends its contract to participate in Arizona online instruction pursuant to
4 section 15-808. The charter Arizona online instruction processing fund is
5 established consisting of fees collected and administered by the state board
6 for charter schools. The state board for charter schools shall use monies in
7 the fund only for the processing of contract amendments for charter schools
8 participating in Arizona online instruction. Monies in the fund are
9 continuously appropriated.

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

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

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

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

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

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

37 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:
38 15-185. Charter schools; financing; civil penalty;
39 transportation; definitions

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

42 1. The charter school shall be included in the district's budget and
43 financial assistance calculations pursuant to paragraph 3 of this subsection
44 and chapter 9 of this title, except for chapter 9, article 4 of this title.
45 The charter of the charter school shall include a description of the methods

1 of funding the charter school by the school district. The school district
2 shall send a copy of the charter and application, including a description of
3 how the school district plans to fund the school, to the state board of
4 education before the start of the first fiscal year of operation of the
5 charter school. The charter or application shall include an estimate of the
6 student count for the charter school for its first fiscal year of operation.
7 This estimate shall be computed pursuant to the requirements of paragraph 3
8 of this subsection.

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

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

15 (a) Increase its student count as provided in subsection B, paragraph
16 2 of this section during the first year of the charter school's operation to
17 include those charter school pupils who were not previously enrolled in the
18 school district. A charter school sponsored by a school district governing
19 board is eligible for the charter additional assistance prescribed in
20 subsection B, paragraph 4 of this section. The district additional
21 assistance allocation as provided in section 15-961 for the school district
22 sponsoring the charter school shall be increased by the amount of the charter
23 additional assistance. The school district shall include the full amount of
24 the charter additional assistance in the funding provided to the charter
25 school.

26 (b) Compute separate weighted student counts pursuant to section
27 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
28 school pupils in order to maintain eligibility for small school district
29 support level weights authorized in section 15-943, paragraph 1 for its
30 noncharter school pupils only. The portion of a district's student count
31 that is attributable to charter school pupils is not eligible for small
32 school district support level weights.

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

37 5. A school district that sponsors a charter school is not eligible to
38 include the charter school pupils in its student count for the purpose of
39 computing an increase in its district additional assistance as provided in
40 section 15-961, subsection B, except that if the charter school was
41 previously a school in the district, the district may include in its student
42 count any charter school pupils who were enrolled in the school district in
43 the prior year.

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

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

16 B. Financial provisions for a charter school that is sponsored by the
17 state board of education, the state board for charter schools, a university,
18 a community college district or a group of community college districts are as
19 follows:

20 1. The charter school shall calculate a base support level as
21 prescribed in section 15-943, except that section 15-941 does not apply to
22 these charter schools.

23 2. Notwithstanding paragraph 1 of this subsection, the student count
24 shall be determined initially using an estimated student count based on
25 actual registration of pupils before the beginning of the school year. After
26 the first one hundred days or two hundred days in session, as applicable, the
27 charter school shall revise the student count to be equal to the actual
28 average daily membership, as defined in section 15-901, of the charter
29 school. Before the one hundredth day or two hundredth day in session, as
30 applicable, the state board of education, the state board for charter
31 schools, the sponsoring university, the sponsoring community college district
32 or the sponsoring group of community college districts may require a charter
33 school to report periodically regarding pupil enrollment and attendance, and
34 the department of education may revise its computation of equalization
35 assistance based on the report. A charter school shall revise its student
36 count, base support level and charter additional assistance before May 15. A
37 charter school that overestimated its student count shall revise its budget
38 before May 15. A charter school that underestimated its student count may
39 revise its budget before May 15.

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

43 4. Equalization assistance for the charter school shall be determined
44 by adding the amount of the base support level and charter additional
45 assistance. The amount of the charter additional assistance is one thousand

1 ~~six~~ SEVEN hundred ~~eighty-four~~ SEVEN dollars ~~nineteen~~ SEVENTY-SEVEN cents per
2 student count in preschool programs for children with disabilities,
3 kindergarten programs and grades one through eight and one thousand nine
4 hundred ~~sixty-two~~ NINETY dollars ~~ninety~~ THIRTY-EIGHT cents per student count
5 in grades nine through twelve.

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

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

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

21 C. If a pupil is enrolled in both a charter school and a public school
22 that is not a charter school, the sum of the daily membership, which includes
23 enrollment as prescribed in section 15-901, subsection A, paragraph 1,
24 subdivisions (a) and (b) and daily attendance as prescribed in section
25 15-901, subsection A, paragraph 5, for that pupil in the school district and
26 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
27 charter school and a public school that is not a charter school, the
28 department of education shall direct the average daily membership to the
29 school with the most recent enrollment date. On validation of actual
30 enrollment in both a charter school and a public school that is not a charter
31 school and if the sum of the daily membership or daily attendance for that
32 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
33 apportioned between the public school and the charter school based on the
34 percentage of total time that the pupil is enrolled or in attendance in the
35 public school and the charter school. The uniform system of financial
36 records shall include guidelines for the apportionment of the pupil
37 enrollment and attendance as provided in this section.

38 D. Charter schools are allowed to accept grants and gifts to
39 supplement their state funding, but it is not the intent of the charter
40 school law to require taxpayers to pay twice to educate the same pupils. The
41 base support level for a charter school or for a school district sponsoring a
42 charter school shall be reduced by an amount equal to the total amount of
43 monies received by a charter school from a federal or state agency if the
44 federal or state monies are intended for the basic maintenance and operations
45 of the school. The superintendent of public instruction shall estimate the

1 amount of the reduction for the budget year and shall revise the reduction to
 2 reflect the actual amount before May 15 of the current year. If the
 3 reduction results in a negative amount, the negative amount shall be used in
 4 computing all budget limits and equalization assistance, except that:

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

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

10 3. For a charter school sponsored by a school district, the base
 11 support level for the school district shall not be reduced by more than the
 12 amount that the charter school increased the district's base support level
 13 and district additional assistance allocation.

14 E. If a charter school was a district public school in the prior year
 15 and is now being operated for or by the same school district and sponsored by
 16 the state board of education, the state board for charter schools, a
 17 university, a community college district, a group of community college
 18 districts or a school district governing board, the reduction in subsection D
 19 of this section applies. The reduction to the base support level of the
 20 charter school or the sponsoring district of the charter school shall equal
 21 the sum of the base support level and the charter additional assistance
 22 received in the current year for those pupils who were enrolled in the
 23 traditional public school in the prior year and are now enrolled in the
 24 charter school in the current year.

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

28 G. At the request of a charter school, the county school
 29 superintendent of the county where the charter school is located may provide
 30 the same educational services to the charter school as prescribed in section
 31 15-308, subsection A. The county school superintendent may charge a fee to
 32 recover costs for providing educational services to charter schools.

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

1 deficiencies at the charter school and to ensure that the charter school
2 promptly returns to compliance. When the sponsor determines that the charter
3 school is in compliance, the department of education shall restore the full
4 amount of state aid payments to the charter school.

5 I. In addition to the withholding of state aid payments pursuant to
6 subsection H of this section, the sponsor of a charter school may impose a
7 civil penalty of one thousand dollars per occurrence if a charter school
8 fails to comply with the fingerprinting requirements prescribed in section
9 15-183, subsection C or section 15-512. The sponsor of a charter school
10 shall not impose a civil penalty if it is the first time that a charter
11 school is out of compliance with the fingerprinting requirements and if the
12 charter school provides proof within forty-eight hours of written
13 notification that an application for the appropriate fingerprint check has
14 been received by the department of public safety. The sponsor of the charter
15 school shall obtain proof that the charter school has been notified, and the
16 notification shall identify the date of the deadline and shall be signed by
17 both parties. The sponsor of a charter school shall automatically impose a
18 civil penalty of one thousand dollars per occurrence if the sponsor
19 determines that the charter school subsequently violates the fingerprinting
20 requirements. Civil penalties pursuant to this subsection shall be assessed
21 by requesting the department of education to reduce the amount of state aid
22 that the charter school would otherwise receive by an amount equal to the
23 civil penalty. The amount of state aid withheld shall revert to the state
24 general fund at the end of the fiscal year.

25 J. A charter school may receive and spend monies distributed by the
26 department of education pursuant to section 42-5029, subsection E and section
27 37-521, subsection B.

28 K. If a school district transports or contracts to transport pupils to
29 the Arizona state schools for the deaf and the blind during any fiscal year,
30 the school district may transport or contract with a charter school to
31 transport sensory impaired pupils during that same fiscal year to a charter
32 school if requested by the parent of the pupil and if the distance from the
33 pupil's place of actual residence within the school district to the charter
34 school is less than the distance from the pupil's place of actual residence
35 within the school district to the campus of the Arizona state schools for the
36 deaf and the blind.

37 L. Notwithstanding any other law, a university under the jurisdiction
38 of the Arizona board of regents, a community college district or a group of
39 community college districts shall not include any student in the student
40 count of the university, community college district or group of community
41 college districts for state funding purposes if that student is enrolled in
42 and attending a charter school sponsored by the university, community college
43 district or group of community college districts.

1 M. The governing body of a charter school shall transmit a copy of its
2 proposed budget or the summary of the proposed budget and a notice of the
3 public hearing to the department of education for posting on the department
4 of education's website no later than ten days before the hearing and meeting.
5 If the charter school maintains a website, the charter school governing body
6 shall post on its website a copy of its proposed budget or the summary of the
7 proposed budget and a notice of the public hearing.

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

12 O. If permitted by federal law, a charter school may opt out of
13 federal grant opportunities if the charter holder or the appropriate
14 governing body of the charter school determines that the federal requirements
15 impose unduly burdensome reporting requirements.

16 P. For the purposes of this section:

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

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

29 Sec. 3. Title 15, chapter 2, article 1, Arizona Revised Statutes, is
30 amended by adding section 15-216, to read:

31 15-216. K-6 technology-based language development and literacy
32 intervention pilot program; educational technology
33 provider; review; reports; fund

34 A. THE STATE BOARD OF EDUCATION SHALL DEVELOP A THREE-YEAR PILOT
35 PROGRAM FOR K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY
36 INTERVENTION. THE STATE BOARD SHALL DEVELOP APPLICATION PROCEDURES AND
37 SELECTION CRITERIA FOR SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT VOLUNTARILY
38 DECIDE TO PARTICIPATE IN THE PILOT PROGRAM. THE STATE BOARD SHALL SELECT UP
39 TO TEN SCHOOL DISTRICTS AND UP TO FIVE CHARTER SCHOOLS TO PARTICIPATE IN THE
40 PILOT PROGRAM.

41 B. THE STATE BOARD SHALL SUBMIT A REQUEST FOR PROPOSALS TO EDUCATIONAL
42 TECHNOLOGY PROVIDERS FOR THE DELIVERY OF TECHNOLOGY-BASED LANGUAGE
43 DEVELOPMENT AND LITERACY INTERVENTION SOFTWARE TO BE MADE AVAILABLE TO ALL
44 PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH SIX WHO ARE ENROLLED

1 IN SCHOOLS THAT PARTICIPATE IN THE PILOT PROGRAM AND WHO ARE IDENTIFIED AS
2 ENGLISH LANGUAGE LEARNERS.

3 C. THE STATE BOARD SHALL ESTABLISH THE FORMAT OF THE APPLICATIONS,
4 APPLICATION PROCEDURES AND SELECTION CRITERIA FOR EDUCATIONAL TECHNOLOGY
5 PROVIDERS THAT WISH TO SUBMIT A PROPOSAL FOR THE DELIVERY OF K-6
6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION SOFTWARE TO
7 BE USED IN THE PILOT PROGRAM. THE STATE BOARD SHALL SELECT AND AWARD A
8 CONTRACT TO ONE EDUCATIONAL TECHNOLOGY PROVIDER TO DELIVER K-6
9 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION SOFTWARE
10 PURSUANT TO THIS SECTION. THE STATE BOARD SHALL DISTRIBUTE MONIES
11 APPROPRIATED FOR THIS PURPOSE TO THE SELECTED PROVIDER.

12 D. THE K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY
13 INTERVENTION SOFTWARE FOR ENGLISH LANGUAGE LEARNERS MUST DIFFERENTIATE
14 INSTRUCTION FOR EACH PUPIL AND MEET ALL OF THE FOLLOWING REQUIREMENTS:

15 1. INCLUDE INSTRUCTION INDIVIDUALIZED TO TEACH EACH PUPIL THE
16 FOLLOWING FIVE STRANDS OF LITERACY:

- 17 (a) PHONICS.
- 18 (b) PHONEMIC AWARENESS.
- 19 (c) VOCABULARY.
- 20 (d) COMPREHENSION.
- 21 (e) FLUENCY.

22 2. HAVE COMPONENTS THAT ARE CREATED FOR AND ALIGNED TO STATE ACADEMIC
23 STANDARDS. THE SOFTWARE MUST CORRELATE TO THE ARIZONA ENGLISH LANGUAGE
24 PROFICIENCY STANDARDS.

25 3. CONTAIN INTERNAL ASSESSMENTS, CHECKPOINTS, TRACKING AND REPORTS FOR
26 TEACHERS, ADMINISTRATORS AND PARENTS.

27 4. BE USED TO ADDRESS VARIED LEARNER NEEDS AND TO ASSIST TEACHERS IN
28 TRACKING PUPIL GROWTH TOWARD IMPORTANT CURRICULAR GOALS. THE SOFTWARE MUST
29 HAVE TOOLS AND OFF-LINE RESOURCES THAT ENABLE TEACHERS TO MORE EFFECTIVELY
30 MEET THE INDIVIDUAL NEEDS OF EACH PUPIL.

31 5. PROVIDE IMMEDIATE FEEDBACK TO PUPILS AND PROVIDE AUTOMATIC
32 REMEDIATION WHEN NEEDED. THE SOFTWARE MUST PROVIDE SCAFFOLDING THROUGH
33 ILLUSTRATIONS, FRONT-LOADED VOCABULARY, AUDIO SUPPORT, INTERACTIVE GLOSSARY
34 WORDS, INSTRUCTIONAL FEEDBACK, STRATEGIC QUESTIONS AND ADAPTIVE CONTENT THAT
35 PROVIDES EXTRA PRACTICE AS NEEDED.

36 6. INCLUDE GRADE-APPROPRIATE DIGITAL BOOKS WITH LITERATURE TEXT AND
37 INFORMATIONAL TEXT. PUPILS MUST BE ABLE TO PRACTICE READING ON THE COMPUTER
38 BY RECORDING READINGS AND COMPARING THOSE READINGS TO THE READING MODEL.

39 7. PROVIDE IMPLICIT AND EXPLICIT INSTRUCTION. THE SOFTWARE MUST TEACH
40 THE CORE AREAS OF LISTENING AND READING COMPREHENSION, INCLUDING INTERTEXTUAL
41 COMPREHENSION.

42 8. TEACH PUPILS ACADEMIC VOCABULARY USING REAL AND VIRTUAL EXPERIENCE
43 AND VISUALS TO INTRODUCE VOCABULARY. THE VOCABULARY MUST BE RELATED TO CORE
44 CONTENT AREAS AND PROVIDE ADDITIONAL LANGUAGE DEVELOPMENT ACTIVITIES FOR
45 THOSE PUPILS REQUIRING THIS ASSISTANCE.

1 9. TEACH BASIC INTERPERSONAL COMMUNICATIVE SKILLS AND COGNITIVE
2 ACADEMIC LANGUAGE PROFICIENCY AND ASSESS A PUPIL'S UNDERSTANDING OF EACH.

3 E. THE EDUCATIONAL TECHNOLOGY PROVIDER SELECTED PURSUANT TO SUBSECTION
4 C OF THIS SECTION MUST HAVE EXPERIENCE WITH LARGE STATEWIDE IMPLEMENTATIONS
5 AND THE ABILITY TO SUPPORT A STATEWIDE LEVEL OF IMPLEMENTATION. THE PROVIDER
6 MUST SUBMIT EVIDENCE OF PUPIL PROGRESS ON AN ANNUAL BASIS.

7 F. THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL ANNUALLY REVIEW THE
8 RESULTS OF THE DELIVERY OF K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND
9 LITERACY INTERVENTION FOR ENGLISH LANGUAGE LEARNERS THROUGH SOFTWARE PROVIDED
10 PURSUANT TO THIS SECTION.

11 G. ON OR BEFORE SEPTEMBER 15, 2015 AND SEPTEMBER 15, 2016, THE STATE
12 BOARD OF EDUCATION SHALL SUBMIT PROGRESS REPORTS ON THE PILOT PROGRAM TO THE
13 JOINT LEGISLATIVE BUDGET COMMITTEE. ON OR BEFORE SEPTEMBER 15, 2017, THE
14 STATE BOARD SHALL SUBMIT A REPORT TO THE GOVERNOR, THE PRESIDENT OF THE
15 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES REGARDING THE PILOT
16 PROGRAM AND DELIVERY OF K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND
17 LITERACY INTERVENTION FOR ENGLISH LANGUAGE LEARNERS THROUGH SOFTWARE PROVIDED
18 PURSUANT TO THIS SECTION. THE REPORT MUST INCLUDE A RECOMMENDATION OF
19 WHETHER THE LEGISLATURE SHOULD CONSIDER EXPANDING THE PILOT PROGRAM AS A
20 PERMANENT STATEWIDE PROGRAM AND INFORMATION ON THE NUMBER OF SCHOOL
21 DISTRICTS, CHARTER SCHOOLS AND PUPILS WHO PARTICIPATED IN THE INTERVENTION.
22 THE STATE BOARD SHALL SUBMIT A COPY OF THIS REPORT TO THE SECRETARY OF STATE.

23 H. THE TECHNOLOGY-BASED LANGUAGE DEVELOPMENT AND LITERACY INTERVENTION
24 FUND IS ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS AND MONIES
25 TRANSFERRED INTO THE FUND. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE
26 FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES
27 IN THE FUND MUST BE USED FOR THE K-6 TECHNOLOGY-BASED LANGUAGE DEVELOPMENT
28 AND LITERACY INTERVENTION PILOT PROGRAM ESTABLISHED PURSUANT TO THIS SECTION.
29 MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING
30 TO LAPSING OF APPROPRIATIONS.

31 Sec. 4. Section 15-901, Arizona Revised Statutes, is amended to read:

32 15-901. Definitions

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

34 1. "Average daily membership" means the total enrollment of fractional
35 students and full-time students, minus withdrawals, of each school day
36 through the first one hundred days or two hundred days in session, as
37 applicable, for the current year. Withdrawals include students formally
38 withdrawn from schools and students absent for ten consecutive school days,
39 except for excused absences identified by the department of education. For
40 the purposes of this section, school districts and charter schools shall
41 report student absence data to the department of education at least once
42 every sixty days in session. For computation purposes, the effective date of
43 withdrawal shall be retroactive to the last day of actual attendance of the
44 student or excused absence.

1 (a) "Fractional student" means:

2 (i) For common schools, a preschool child who is enrolled in a program
3 for preschool children with disabilities of at least three hundred sixty
4 minutes each week or a kindergarten student at least five years of age before
5 January 1 of the school year and enrolled in a school kindergarten program
6 that meets at least three hundred fifty-six hours for a one hundred eighty
7 day school year, or the instructional hours prescribed in this section.
8 Lunch periods and recess periods may not be included as part of the
9 instructional hours unless the child's individualized education program
10 requires instruction during those periods and the specific reasons for such
11 instruction are fully documented. In computing the average daily membership,
12 preschool children with disabilities and kindergarten students shall be
13 counted as one-half of a full-time student. For common schools, a part-time
14 student is a student enrolled for less than the total time for a full-time
15 student as defined in this section. A part-time common school student shall
16 be counted as one-fourth, one-half or three-fourths of a full-time student if
17 the student is enrolled in an instructional program that is at least
18 one-fourth, one-half or three-fourths of the time a full-time student is
19 enrolled as defined in subdivision (b) of this paragraph.

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

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

38 (i) For common schools, a student who is at least six years of age
39 before January 1 of a school year, who has not graduated from the highest
40 grade taught in the school district and who is regularly enrolled in a course
41 of study required by the state board of education. First, second and third
42 grade students, ungraded students at least six, but under nine, years of age
43 by September 1 or ungraded group B children with disabilities who are at
44 least five, but under six, years of age by September 1 must be enrolled in an
45 instructional program that meets for a total of at least seven hundred twelve

1 hours for a one hundred eighty day school year, or the instructional hours
 2 prescribed in this section. Fourth, fifth and sixth grade students or
 3 ungraded students at least nine, but under twelve, years of age by September
 4 1 must be enrolled in an instructional program that meets for a total of at
 5 least eight hundred ninety hours for a one hundred eighty day school year, or
 6 the instructional hours prescribed in this section. Seventh and eighth grade
 7 students or ungraded students at least twelve, but under fourteen, years of
 8 age by September 1 must be enrolled in an instructional program that meets
 9 for at least one thousand hours. Lunch periods and recess periods may not be
 10 included as part of the instructional hours unless the student is a child
 11 with a disability and the child's individualized education program requires
 12 instruction during those periods and the specific reasons for such
 13 instruction are fully documented.

14 (ii) For high schools, a student not graduated from the highest grade
 15 taught in the school district, or an ungraded student at least fourteen years
 16 of age by September 1, and enrolled in at least an instructional program of
 17 four or more subjects that count toward graduation as defined by the state
 18 board of education, each of which, if taught each school day for the minimum
 19 number of days required in a school year, would meet a minimum of one hundred
 20 twenty-three hours a year, or the equivalent, that meets for a total of at
 21 least seven hundred twenty hours for a one hundred eighty day school year, or
 22 the instructional hours prescribed in this section in a recognized high
 23 school. A full-time student shall not be counted more than once for
 24 computation of average daily membership. The average daily membership of a
 25 full-time high school student shall be 1.0 if the student is enrolled in at
 26 least four subjects that meet at least seven hundred twenty hours for a one
 27 hundred eighty day school year, or the equivalent instructional hours
 28 prescribed in this section.

29 (iii) If a child who has not reached five years of age before
 30 September 1 of the current school year is admitted to kindergarten and
 31 repeats kindergarten in the following school year, a school district or
 32 charter school is not eligible to receive basic state aid on behalf of that
 33 child during the child's second year of kindergarten. If a child who has not
 34 reached five years of age before September 1 of the current school year is
 35 admitted to kindergarten but does not remain enrolled, a school district or
 36 charter school may receive a portion of basic state aid on behalf of that
 37 child in the subsequent year. A school district or charter school may charge
 38 tuition for any child who is ineligible for basic state aid pursuant to this
 39 item.

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

43 (v) Except as otherwise provided by law, for any student who is
 44 concurrently enrolled in a school district and a charter school, the average
 45 daily membership shall be apportioned between the school district and the

1 charter school and shall not exceed 1.0. The apportionment shall be based on
2 the percentage of total time that the student is enrolled in or in attendance
3 at the school district and the charter school.

4 (vi) Except as otherwise provided by law, for any student who is
5 concurrently enrolled, pursuant to section 15-808, in a school district and
6 Arizona online instruction or a charter school and Arizona online
7 instruction, the average daily membership shall be apportioned between the
8 school district and Arizona online instruction or the charter school and
9 Arizona online instruction and shall not exceed 1.0. The apportionment shall
10 be based on the percentage of total time that the student is enrolled in or
11 in attendance at the school district and Arizona online instruction or the
12 charter school and Arizona online instruction.

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

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

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

20 (a) Grades one through eight.

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

22 4. "Current year" means the fiscal year in which a school district is
23 operating.

24 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

23 (d) For high schools or ungraded schools in which the pupil is at
24 least fourteen years of age by September 1, the attendance of a pupil shall
25 not be counted as a full day unless the pupil is actually and physically in
26 attendance and enrolled in and carrying four subjects, each of which, if
27 taught each school day for the minimum number of days required in a school
28 year, would meet a minimum of one hundred twenty-three hours a year, or the
29 equivalent, that count toward graduation in a recognized high school except
30 as provided in section 15-797 and subdivision (e) of this paragraph.
31 Attendance of a pupil carrying less than the load prescribed shall be
32 prorated.

33 (e) For high schools or ungraded schools in which the pupil is at
34 least fourteen years of age by September 1, the attendance of a pupil may be
35 counted as one-fourth of a day's attendance for each sixty minutes of
36 instructional time in a subject that counts toward graduation, except that
37 attendance for a pupil shall not exceed the pupil's full or fractional
38 membership.

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

42 (g) For school districts that maintain school for an approved
43 year-round school year operation, attendance shall be based on a computation,
44 as prescribed by the superintendent of public instruction, of the one hundred
45 eighty days' equivalency or two hundred days' equivalency, as applicable, of

1 instructional time as approved by the superintendent of public instruction
2 during which each pupil is enrolled.

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

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

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

17 7. "District support level" means the base support level plus the
18 transportation support level.

19 8. "Eligible students" means:

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

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

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

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

43 (c) Children with disabilities, as defined by section 15-761, who are
44 transported by or for the school district or who are admitted pursuant to
45 chapter 8, article 1.1 of this title and who qualify as full-time students or

1 fractional students regardless of location or residence within the school
2 district or children with disabilities whose transportation is required by
3 the pupil's individualized education program.

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

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

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

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

17 12. "Revenue control limit" means the base revenue control limit plus
18 the transportation revenue control limit.

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

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

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

27 16. "Total students transported" means all eligible students
28 transported from their place of residence to a school transportation pickup
29 point or to the school of attendance and from the school of attendance or
30 from the school transportation scheduled return point to their place of
31 residence.

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

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

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

38 2. "Base level" means the following amounts plus the percentage
39 increases to the base level as provided in sections 15-902.04, 15-918.04,
40 15-919.04 and 15-952, except that if a school district or charter school is
41 eligible for an increase in the base level as provided in two or more of
42 these sections, the base level amount shall be calculated by compounding
43 rather than adding the sum of one plus the percentage of the increase from
44 those different sections:

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

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

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

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

9 (e) FOR FISCAL YEAR 2014-2015, THREE THOUSAND THREE HUNDRED EIGHTY-SIX
10 DOLLARS NINETY-SEVEN CENTS.

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

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

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

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

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

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

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

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

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

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

- 1 11. "Group A" means educational programs for career exploration, a
2 specific learning disability, an emotional disability, a mild intellectual
3 disability, remedial education, a speech/language impairment, developmental
4 delay, homebound, bilingual, other health impairments and gifted pupils.
- 5 12. "Group B" means educational improvements for pupils in kindergarten
6 programs and grades one through three, educational programs for autism, a
7 hearing impairment, a moderate intellectual disability, multiple
8 disabilities, multiple disabilities with severe sensory impairment,
9 orthopedic impairments, preschool severe delay, a severe intellectual
10 disability and emotional disabilities for school age pupils enrolled in
11 private special education programs or in school district programs for
12 children with severe disabilities or visual impairment and English learners
13 enrolled in a program to promote English language proficiency pursuant to
14 section 15-752.
- 15 13. "HI" means programs for pupils with hearing impairment.
- 16 14. "Homebound" or "hospitalized" means a pupil who is capable of
17 profiting from academic instruction but is unable to attend school due to
18 illness, disease, accident or other health conditions, who has been examined
19 by a competent medical doctor and who is certified by that doctor as being
20 unable to attend regular classes for a period of not less than three school
21 months or a pupil who is capable of profiting from academic instruction but
22 is unable to attend school regularly due to chronic or acute health problems,
23 who has been examined by a competent medical doctor and who is certified by
24 that doctor as being unable to attend regular classes for intermittent
25 periods of time totaling three school months during a school year. The
26 medical certification shall state the general medical condition, such as
27 illness, disease or chronic health condition, that is the reason that the
28 pupil is unable to attend school. Homebound or hospitalized includes a
29 student who is unable to attend school for a period of less than three months
30 due to a pregnancy if a competent medical doctor, after an examination,
31 certifies that the student is unable to attend regular classes due to risk to
32 the pregnancy or to the student's health.
- 33 15. "K-3" means kindergarten programs and grades one through three.
- 34 16. "K-3 Reading" means reading programs for pupils in kindergarten
35 programs and grades one, two and three.
- 36 17. "MD-R, A-R and SID-R" means resource programs for pupils with
37 multiple disabilities, autism and severe intellectual disability.
- 38 18. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils
39 with multiple disabilities, autism and severe intellectual disability.
- 40 19. "MD-SSI" means a program for pupils with multiple disabilities with
41 severe sensory impairment.
- 42 20. "MOID" means programs for pupils with moderate intellectual
43 disability.
- 44 21. "OI-R" means a resource program for pupils with orthopedic
45 impairments.

- 1 22. "OI-SC" means a self-contained program for pupils with orthopedic
2 impairments.
- 3 23. "PSD" means preschool programs for children with disabilities as
4 provided in section 15-771.
- 5 24. "P-SD" means programs for children who meet the definition of
6 preschool severe delay as provided in section 15-771.
- 7 25. "Qualifying tax rate" means the qualifying tax rate specified in
8 section 15-971 applied to the assessed valuation used for primary property
9 taxes.
- 10 26. "Small isolated school district" means a school district that meets
11 all of the following:
- 12 (a) Has a student count of fewer than six hundred in kindergarten
13 programs and grades one through eight or grades nine through twelve.
- 14 (b) Contains no school that is fewer than thirty miles by the most
15 reasonable route from another school, or, if road conditions and terrain make
16 the driving slow or hazardous, fifteen miles from another school that teaches
17 one or more of the same grades and is operated by another school district in
18 this state.
- 19 (c) Is designated as a small isolated school district by the
20 superintendent of public instruction.
- 21 27. "Small school district" means a school district that meets all of
22 the following:
- 23 (a) Has a student count of fewer than six hundred in kindergarten
24 programs and grades one through eight or grades nine through twelve.
- 25 (b) Contains at least one school that is fewer than thirty miles by
26 the most reasonable route from another school that teaches one or more of the
27 same grades and is operated by another school district in this state.
- 28 (c) Is designated as a small school district by the superintendent of
29 public instruction.
- 30 28. "Transportation revenue control limit" means the transportation
31 revenue control limit computed as prescribed in section 15-946.
- 32 29. "Transportation support level" means the support level for pupil
33 transportation operating expenses as provided in section 15-945.
- 34 30. "VI" means programs for pupils with visual impairments.
- 35 31. "Voc. Ed." means career and technical education and vocational
36 education programs, as defined in section 15-781.
- 37 Sec. 5. Section 15-917, Arizona Revised Statutes, is amended to read:
38 15-917. Student success fund
- 39 A. The ~~performance incentive~~ **STUDENT SUCCESS** fund is established
40 consisting of legislative appropriations for school district and charter
41 holder performance funding. The department of education shall administer the
42 fund. Monies in the fund are exempt from the provisions of section 35-190
43 relating to lapsing of appropriations. Beginning in fiscal year 2014-2015,
44 the department of education shall distribute monies in the fund to school

1 districts and charter holders based on achievement and improvement on the
2 assigned achievement profile pursuant to section 15-241.

3 B. The ~~performance~~ STUDENT SUCCESS funding amount shall be budgeted in
4 the separate subsections of the maintenance and operations and capital outlay
5 sections of the budget using forms prescribed by the auditor general in
6 conjunction with the department of education. The unexpended budget balance
7 in the ~~performance~~ STUDENT SUCCESS funding subsections of the budget may be
8 carried forward to the following fiscal years and shall not be included in
9 the allowable budget balance carryforward calculated pursuant to section
10 15-943.01.

11 ~~C. A school district or charter holder is eligible for monies from the
12 performance incentive fund only if the school district or charter holder was
13 assigned an achievement profile pursuant to section 15-241, subsection H, as
14 developed in accordance with the requirements established in section 15-241,
15 subsection G. School districts or charter holders that are assigned a
16 parallel achievement profile pursuant to section 15-241, subsection J are not
17 eligible for monies from the performance incentive fund.~~

18 Sec. 6. Section 15-945, Arizona Revised Statutes, is amended to read:
19 15-945. Transportation support level

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

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

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>
<u>Approved Daily Route Mileage per Eligible Student Transported</u>	<u>State Support Level per Route Mile for Fiscal Year 2013-2014 2014-2015</u>
41 0.5 or less	2.46 2.49
42 More than 0.5 through 1.0	2.01 2.04
43 More than 1.0	2.46 2.49

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

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

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

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

15 <u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
16 Approved Daily Route			
17 Mileage per Eligible	District Type	District Type	District Type
18 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
19 0.5 or less	0.15	0.10	0.25
20 More than 0.5 through 1.0	0.15	0.10	0.25
21 More than 1.0	0.18	0.12	0.30

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

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

31 1. Determine the sum of the following:

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

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

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

3 6. Develop prototypical elementary and high school designs. The board
4 shall review the design differences between the schools with the highest
5 academic productivity scores and the schools with the lowest academic
6 productivity scores. The board shall also review the results of a valid and
7 reliable survey of parent quality rating in the highest performing schools
8 and the lowest performing schools in this state. The survey of parent
9 quality rating shall be administered by the department of education. The
10 board shall consider the design elements of the schools with the highest
11 academic productivity scores and parent quality ratings in the development of
12 elementary and high school designs. The board shall develop separate school
13 designs for elementary, middle and high schools with varying pupil
14 capacities.

15 7. Develop application forms, reporting forms and procedures to carry
16 out the requirements of this article.

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

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

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

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

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

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

39 10. On or before December 1 of each year, report electronically to the
40 joint committee on capital review the amounts necessary to fulfill the
41 requirements of sections 15-2022 and 15-2041 for the following ~~THREE~~ fiscal
42 ~~year YEARS and the estimated amounts necessary to fulfill the requirements of~~
43 ~~sections 15-2022 and 15-2041 for the fiscal year following the next fiscal~~
44 ~~year.~~ IN DEVELOPING THE AMOUNTS NECESSARY FOR THIS REPORT, THE SCHOOL
45 FACILITIES BOARD SHALL USE THE MOST RECENT AVERAGE DAILY MEMBERSHIP DATA

1 AVAILABLE. ON REQUEST FROM THE BOARD, THE DEPARTMENT OF EDUCATION SHALL MAKE
2 AVAILABLE THE MOST RECENT AVERAGE DAILY MEMBERSHIP DATA FOR USE IN
3 CALCULATING THE AMOUNTS NECESSARY TO FULFILL THE REQUIREMENTS OF SECTION
4 15-2041 FOR THE FOLLOWING THREE FISCAL YEARS. The board shall provide copies
5 of the report to the president of the senate, the speaker of the house of
6 representatives and the governor.

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

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

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

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

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

- 38 1. Private services.
- 39 2. Construction project management services.
- 40 3. Assessments for school buildings to determine if the buildings have
41 outlived their useful life pursuant to section 15-2041, subsection G.
- 42 4. Services related to land acquisition and development of a school
43 site.

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

11 1. Shall analyze applications for monies submitted to the board by
12 school districts.

13 2. Shall assist the board in developing forms and procedures for the
14 distribution and review of applications and the distribution of monies to
15 school districts.

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

18 4. Shall assist the board in the preparation of the board's annual
19 report.

20 5. Shall research and provide reports on issues of general interest to
21 the board.

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

25 7. May assist school districts in facilitating the development of
26 multijurisdictional facilities.

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

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

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

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

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

4 13. Shall provide technical support to school districts as requested by
5 school districts in connection with the construction of new school facilities
6 and the maintenance of existing school facilities and may contract directly
7 with construction project managers pursuant to subsection B of this section.
8 This paragraph does not restrict a school district from contracting with a
9 construction project manager using district or state resources.

10 D. When appropriate, the school facilities board shall review and use
11 the statewide school facilities inventory and needs assessment conducted by
12 the joint committee on capital review and issued in July, 1995.

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

20 F. The school facilities board may consider appropriate combinations
21 of facilities or uses in making assessments of and curing deficiencies
22 pursuant to subsection A, paragraph 1 of this section and in certifying plans
23 for new school facilities pursuant to subsection A, paragraph 5 of this
24 section.

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

27 H. The board shall not distribute monies to a school district for
28 replacement or repair of facilities if the costs associated with the
29 replacement or repair are covered by insurance or a performance or payment
30 bond.

31 I. The board may contract for construction services and materials that
32 are necessary to correct existing deficiencies in school district facilities.
33 The board may procure the construction services necessary pursuant to this
34 subsection by any method, including construction-manager-at-risk,
35 design-build, design-bid-build or job-order-contracting as provided by title
36 41, chapter 23. The construction planning and services performed pursuant to
37 this subsection are exempt from section 41-791.01.

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

42 K. Each school district shall develop routine preventative maintenance
43 guidelines for its facilities. The guidelines shall include plumbing
44 systems, electrical systems, heating, ventilation and air conditioning
45 systems, special equipment and other systems and for roofing systems shall

1 recommend visual inspections performed by district staff for signs of
2 structural stress and weakness. The guidelines shall be submitted to the
3 school facilities board for review and approval. If on inspection by the
4 school facilities board it is determined that a school district facility was
5 inadequately maintained pursuant to the school district's routine
6 preventative maintenance guidelines, the school district shall return the
7 building to compliance with the school district's routine preventative
8 maintenance guidelines.

9 L. The school facilities board may temporarily transfer monies between
10 the capital reserve fund established by section 15-2003, the emergency
11 deficiencies correction fund established by section 15-2022 and the new
12 school facilities fund established by section 15-2041 if all of the following
13 conditions are met:

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

16 2. The transferred monies are restored to the fund where the monies
17 originated as soon as practicable after the temporary shortfall in the other
18 fund has been addressed.

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

21 M. After notifying each school district, and if a written objection
22 from the school district is not received by the school facilities board
23 within thirty days of the notification, the school facilities board may
24 access public utility company records of power, water, natural gas, telephone
25 and broadband usage to assemble consistent and accurate data on utility
26 consumption at school facilities to determine the effectiveness of facility
27 design, operation and maintenance measures intended to reduce energy and
28 water consumption and costs. Any public utility that provides service to a
29 school district in this state shall provide the data requested by the school
30 facilities board pursuant to this subsection.

31 N. The school facilities board shall not require a common school
32 district that provides instruction to pupils in grade nine to obtain approval
33 from the school facilities board to reconfigure its school facilities. A
34 common school district that provides instruction to pupils in grade nine is
35 not entitled to additional monies from the school facilities board for
36 facilities to educate pupils in grade nine.

37 Sec. 8. Section 15-2032, Arizona Revised Statutes, is amended to read:
38 15-2032. School facilities board building renewal grant fund;
39 definitions

40 A. The building renewal grant fund is established consisting of monies
41 appropriated to the fund by the legislature. The school facilities board
42 shall administer the fund and distribute monies to school districts for the
43 purpose of maintaining the adequacy of existing school facilities. Monies in
44 the fund are exempt from the provisions of section 35-190 relating to lapsing
45 of appropriations.

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

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

- 12 1. Major renovations and repairs to a building.
- 13 2. Upgrading systems and areas that will maintain or extend the useful
14 life of the building.
- 15 3. Infrastructure costs.

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

- 18 1. New construction.
- 19 2. Remodeling interior space for aesthetic or preferential reasons.
- 20 3. Exterior beautification.
- 21 4. Demolition.
- 22 5. Routine preventative maintenance.
- 23 6. Any project in a building, or part of a building, that is being
24 leased to another entity, including a charter school that is sponsored by a
25 school district pursuant to section 15-183.

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

28 F. IF THE SCHOOL FACILITIES BOARD OR A COURT OF COMPETENT JURISDICTION
29 DETERMINES THAT A SCHOOL DISTRICT RECEIVED MONIES FROM THE BUILDING RENEWAL
30 GRANT FUND THAT MUST BE REIMBURSED TO THE SCHOOL FACILITIES BOARD DUE TO
31 LEGAL ACTION ASSOCIATED WITH IMPROPER CONSTRUCTION BY A HIRED CONTRACTOR, THE
32 SCHOOL DISTRICT SHALL REIMBURSE THE SCHOOL FACILITIES BOARD AN AGREED-ON
33 AMOUNT FOR DEPOSIT INTO THE BUILDING RENEWAL GRANT FUND.

34 ~~F.~~ G. For the purposes of this section:

35 1. "Primary building renewal projects" means projects that are
36 necessary for buildings owned by school districts that are required to meet
37 the minimum adequacy standards for student capacity and that fall below the
38 minimum school facility adequacy guidelines, as adopted by the school
39 facilities board pursuant to section 15-2011, for school districts that have
40 provided routine preventative maintenance to the school facility.

41 2. "Routine preventative maintenance" means services that are
42 performed on a regular schedule at intervals ranging from four times a year
43 to once every three years and that are intended to extend the useful life of
44 a building system and reduce the need for major repairs.

1 3. "Student capacity" has the same meaning prescribed in section
2 15-2011.

3 Sec. 9. Section 15-2041, Arizona Revised Statutes, is amended to read:
4 15-2041. New school facilities fund; capital plan; report

5 A. A new school facilities fund is established consisting of monies
6 appropriated by the legislature and monies credited to the fund pursuant to
7 section 37-221. The school facilities board shall administer the fund and
8 distribute monies, as a continuing appropriation, to school districts for the
9 purpose of constructing new school facilities and for contracted expenses
10 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
11 of each fiscal year, any unobligated contract monies in the new school
12 facilities fund shall be transferred to the capital reserve fund established
13 by section 15-2003.

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

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

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

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

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

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

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

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

32 5. If a school district pays tuition for all or a portion of the
33 school district's high school pupils to another school district, the capital
34 plan shall indicate the number of pupils for which the district pays tuition
35 to another district. If a school district accepts pupils from another school
36 district pursuant to section 15-824, subsection A, the school district shall
37 indicate the projections for this population separately. This paragraph does
38 not apply to a small isolated school district as defined in section 15-901.

39 C. If the capital plan indicates a need for a new school or an
40 addition to an existing school within the next four years or a need for land
41 within the next ten years, the school district shall submit its plan to the
42 school facilities board by September 1 and shall request monies from the new
43 school facilities fund for the new construction or land. The school
44 facilities board may require a school district to sell land that was
45 previously purchased entirely with monies provided by the school facilities

1 board if the school facilities board determines that the property is no
2 longer needed within the ten year period specified in this subsection for a
3 new school or no longer needed within that ten year period for an addition to
4 an existing school. Monies provided for land shall be in addition to any
5 monies provided pursuant to subsection D of this section.

6 D. The school facilities board shall distribute monies from the new
7 school facilities fund as follows:

8 1. The school facilities board shall review and evaluate the
9 enrollment projections. On or before March 1, following the submission of
10 the enrollment projections, the school facilities board shall either approve
11 the projections as submitted or revise the projections. **IN APPROVING OR**
12 **REVISING THE ENROLLMENT PROJECTIONS, THE SCHOOL FACILITIES BOARD SHALL USE**
13 **THE MOST RECENT AVERAGE DAILY MEMBERSHIP DATA AVAILABLE. ON REQUEST FROM THE**
14 **SCHOOL FACILITIES BOARD, THE DEPARTMENT OF EDUCATION SHALL MAKE AVAILABLE THE**
15 **MOST RECENT AVERAGE DAILY MEMBERSHIP DATA FOR USE IN REVISING THE ENROLLMENT**
16 **PROJECTIONS.** In determining new construction requirements, the school
17 facilities board shall determine the net new growth of pupils that will
18 require additional square footage that exceeds the building adequacy
19 standards prescribed in section 15-2011. If the projected growth and the
20 existing number of pupils exceed three hundred fifty pupils who are served in
21 a school district other than the pupil's resident school district, the school
22 facilities board, the receiving school district and the resident school
23 district shall develop a capital facilities plan on how to best serve those
24 pupils. A small isolated school district as defined in section 15-901 is not
25 required to develop a capital facilities plan pursuant to this paragraph.

26 2. If the approved projections indicate that additional space would
27 not have been needed during the current school year in order to meet the
28 building adequacy standards prescribed in section 15-2011, the request shall
29 be held for consideration by the school facilities board for possible future
30 funding and the school district shall annually submit an updated plan until
31 the additional space is needed.

32 3. If the approved projections indicate that additional space would
33 have been needed during the current school year in order to meet the building
34 adequacy standards prescribed in section 15-2011, the school facilities board
35 shall provide an amount as follows:

36 (a) Determine the number of pupils requiring additional square footage
37 to meet building adequacy standards. This amount for elementary schools
38 shall not be less than the number of new pupils for whom space will be needed
39 in the next year and shall not exceed the number of new pupils for whom space
40 will be needed in the next five years. This amount for middle and high
41 schools shall not be less than the number of new pupils for whom space will
42 be needed in the next four years and shall not exceed the number of new
43 pupils for whom space will be needed in the next eight years.

1 (b) Multiply the number of pupils determined in subdivision (a) of
2 this paragraph by the square footage per pupil. The square footage per pupil
3 is ninety square feet per pupil for preschool children with disabilities,
4 kindergarten programs and grades one through six, one hundred square feet for
5 grades seven and eight, one hundred thirty-four square feet for a school
6 district that provides instruction in grades nine through twelve for fewer
7 than one thousand eight hundred pupils and one hundred twenty-five square
8 feet for a school district that provides instruction in grades nine through
9 twelve for at least one thousand eight hundred pupils. The total number of
10 pupils in grades nine through twelve in the district shall determine the
11 square footage factor to use for net new pupils. The school facilities board
12 may modify the square footage requirements prescribed in this subdivision for
13 particular schools based on any of the following factors:

14 (i) The number of pupils served or projected to be served by the
15 school district.

16 (ii) Geographic factors.

17 (iii) Grade configurations other than those prescribed in this
18 subdivision.

19 (iv) Compliance with minimum school facility adequacy requirements
20 established pursuant to section 15-2011.

21 (c) Multiply the product obtained in subdivision (b) of this paragraph
22 by the cost per square foot. The cost per square foot is ninety dollars for
23 preschool children with disabilities, kindergarten programs and grades one
24 through six, ninety-five dollars for grades seven and eight and one hundred
25 ten dollars for grades nine through twelve. The cost per square foot shall
26 be adjusted annually for construction market considerations based on an index
27 identified or developed by the joint legislative budget committee as
28 necessary but not less than once each year. The school facilities board
29 shall multiply the cost per square foot by 1.05 for any school district
30 located in a rural area. The school facilities board may only modify the
31 base cost per square foot prescribed in this subdivision for particular
32 schools based on geographic conditions or site conditions. For the purposes
33 of this subdivision, "rural area" means an area outside a thirty-five mile
34 radius of a boundary of a municipality with a population of more than fifty
35 thousand persons.

36 (d) Once the school district governing board obtains approval from the
37 school facilities board for new facility construction funds, additional
38 portable or modular square footage created for the express purpose of
39 providing temporary space for pupils until the completion of the new facility
40 shall not be included by the school facilities board for the purpose of new
41 construction funding calculations. On completion of the new facility
42 construction project, if the portable or modular facilities continue in use,
43 the portable or modular facilities shall be included as prescribed by this
44 chapter, unless the school facilities board approves their continued use for
45 the purpose of providing temporary space for pupils until the completion of

1 the next new facility that has been approved for funding from the new school
2 facilities fund.

3 4. For projects approved after December 31, 2001, and notwithstanding
4 paragraph 3 of this subsection, a unified school district that does not have
5 a high school is not eligible to receive high school space as prescribed by
6 section 15-2011 and this section unless the unified district qualifies for
7 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of
8 this subsection.

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

13 6. If a school district leases a building to another entity, including
14 a charter school that is sponsored by a school district pursuant to section
15 15-183, that building shall be included in the school district's square
16 footage calculation for purposes of new construction pursuant to this
17 section.

18 7. A school district shall qualify for new construction funding in a
19 fiscal year only if the school facilities board has approved or revised its
20 enrollment projection under paragraph 3 of this subsection on or before March
21 1 of the prior fiscal year.

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

39 F. The school facilities board shall distribute the monies needed for
40 land for new schools so that land may be purchased at a price that is less
41 than or equal to fair market value and in advance of the construction of the
42 new school. If necessary, the school facilities board may distribute monies
43 for land to be leased for new schools if the duration of the lease exceeds
44 the life expectancy of the school facility by at least fifty per cent. A
45 school district shall not use land purchased or partially purchased with

1 monies provided by the school facilities board for a purpose other than a
2 site for a school facility without obtaining prior written approval from the
3 school facilities board. A school district shall not lease, sell or take any
4 action that would diminish the value of land purchased or partially purchased
5 with monies provided by the school facilities board without obtaining prior
6 written approval from the school facilities board. The proceeds derived
7 through the sale of any land purchased or partially purchased, or the sale of
8 buildings funded or partially funded, with monies provided by the school
9 facilities board shall be returned to the state fund from which it was
10 appropriated and to any other participating entity on a proportional basis.
11 Except as provided in section 15-342, paragraph 33, if a school district
12 acquires real property by donation at an appropriate school site approved by
13 the school facilities board, the school facilities board shall distribute an
14 amount equal to twenty per cent of the fair market value of the donated real
15 property that can be used for academic purposes. The school district shall
16 place the monies in the unrestricted capital outlay fund and increase the
17 unrestricted capital budget limit by the amount of monies placed in the fund.
18 Monies distributed under this subsection shall be distributed from the new
19 school facilities fund. A school district that receives monies from the new
20 school facilities fund for a donation of land pursuant to section 15-342,
21 paragraph 33 shall not receive monies from the school facilities board for
22 the donation of real property pursuant to this subsection. A school district
23 shall not pay a consultant a percentage of the value of any of the following:
24 1. Donations of real property, services or cash from any of the
25 following:
26 (a) Entities that have offered to provide construction services to the
27 school district.
28 (b) Entities that have been contracted to provide construction
29 services to the school district.
30 (c) Entities that build residential units in that school district.
31 (d) Entities that develop land for residential use in that school
32 district.
33 2. Monies received from the school facilities board on behalf of the
34 school district.
35 3. Monies paid by the school facilities board on behalf of the school
36 district.
37 G. In addition to distributions to school districts based on pupil
38 growth projections, a school district may submit an application to the school
39 facilities board for monies from the new school facilities fund if one or
40 more school buildings have outlived their useful life. If the school
41 facilities board determines that the school district needs to build a new
42 school building for these reasons, the school facilities board shall remove
43 the square footage computations that represent the building from the
44 computation of the school district's total square footage for purposes of
45 this section. If the square footage recomputation reflects that the school

1 district no longer meets building adequacy standards, the school district
 2 qualifies for a distribution of monies from the new school construction
 3 formula in an amount determined pursuant to subsection D of this section.
 4 The school facilities board may only modify the base cost per square foot
 5 prescribed in this subsection under extraordinary circumstances for
 6 geographic factors or site conditions.

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

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

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

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

41 L. The school facilities board shall establish a separate account in
 42 the new school facilities fund designated as the litigation account to pay
 43 attorney fees, expert witness fees and other costs associated with litigation
 44 in which the school facilities board pursues the recovery of damages for
 45 deficiencies correction that resulted from alleged construction defects or

1 design defects that the school facilities board believes caused or
2 contributed to a failure of the school building to conform to the building
3 adequacy requirements prescribed in section 15-2011. Attorney fees paid
4 pursuant to this subsection shall not exceed the market rate for similar
5 types of litigation. On or before December 1 of each year, the school
6 facilities board shall report to the joint committee on capital review the
7 costs associated with current and potential litigation that may be paid from
8 the litigation account.

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

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

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

43 P. Accommodation schools are not eligible for monies from the new
44 school facilities fund.

1 be made on a proportional basis based on the charter additional assistance
2 funding that each charter school and school district in the state would have
3 received for fiscal year 2014-2015 without the prescribed reduction.

4 B. For fiscal year 2014-2015, the department of education shall reduce
5 charter additional assistance for a school district that is not eligible to
6 receive basic state aid funding for fiscal year 2014-2015 by the amount that
7 its charter additional assistance would be reduced pursuant to subsection A
8 of this section if the school district were eligible to receive basic state
9 aid funding for fiscal year 2014-2015 and shall reduce the school district's
10 budget limits accordingly.

11 Sec. 16. Waiver of repayment; total additional assistance for
12 certain charter schools that convert back to
13 district schools

14 The repayment of the total charter additional assistance prescribed in
15 section 15-185, subsection A, paragraph 7, Arizona Revised Statutes, does not
16 apply to a charter school that is required to convert back to a district
17 public school due to the changes prescribed in section 15-183, Arizona
18 Revised Statutes, as amended by this act, because the new charter school
19 began initial operations after June 30, 2013 or an existing district public
20 school was converted to a charter school that began initial operations after
21 June 30, 2013.

22 Sec. 17. Pilot program on school emergency readiness; report;
23 delayed repeal

24 A. The \$3,646,400 state general fund appropriation to the department
25 of education for the school safety program for fiscal year 2014-2015 in the
26 general appropriations act includes \$100,000 for a pilot program on school
27 emergency readiness.

28 B. On or before September 30, 2014, school districts shall submit
29 applications to the department of education to participate in the pilot
30 program.

31 C. On or before November 30, 2014, the department of education shall
32 select three school districts to participate in the pilot program. The
33 selected school districts must collectively consist of no more than
34 thirty-one individual school sites and must include:

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

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

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

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

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

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

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

15 E. On or before November 1, 2015, the department of education shall
 16 submit to the governor, the president of the senate and the speaker of the
 17 house of representatives a report that summarizes the results of the pilot
 18 program. The department of education shall provide a copy of the report to
 19 the secretary of state.

20 F. This section is repealed from and after December 31, 2015.

21 Sec. 18. Student success funding; fiscal year 2014-2015;
 22 limitation; report; posting; exemption; definitions

23 A. Notwithstanding section 15-917, Arizona Revised Statutes, as
 24 amended by this act, for fiscal year 2014-2015 the department of education
 25 shall distribute to each eligible school district and charter holder from the
 26 student success fund established by section 15-917, Arizona Revised Statutes,
 27 as amended by this act, a student success funding amount computed as
 28 follows:

29 1. Calculate the following:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>		<u>Column 4</u>		<u>Column 5</u>
<u>Achievement</u>	<u>Improvement</u>	<u>Student</u>		<u>Eligible</u>		<u>Student</u>
<u>Profile</u>	<u>Category</u>	<u>Success</u>		<u>Scores</u>		<u>Success</u>
		<u>Funding</u>				<u>Funding</u>
		<u>Multiplier</u>				<u>Amount</u>
Exceeds	Superior					
proficiency	improvement	\$24.50	x	_____	=	_____
Exceeds	Strong					
proficiency	improvement	\$12.25	x	_____	=	_____
Exceeds	Below-average					
proficiency	improvement	\$ 7.65	x	_____	=	_____
Meets	Superior					
proficiency	improvement	\$18.25	x	_____	=	_____
Meets	Strong					
proficiency	improvement	\$ 9.25	x	_____	=	_____

1	Meets	Below-average					
2	proficiency	improvement	\$ 6.00	x	_____	=	_____
3	Approaches	Superior					
4	proficiency	improvement	\$39.75	x	_____	=	_____
5	Approaches	Strong					
6	proficiency	improvement	\$20.00	x	_____	=	_____
7	Falls far						
8	below	Superior					
9	proficiency	improvement	\$61.25	x	_____	=	_____
10	Falls far						
11	below	Strong					
12	proficiency	improvement	\$30.50	x	_____	=	_____
13					Total		_____

14 2. If a student in a tested grade did not receive a measurement of
 15 academic gain, the student meets proficiency for purposes of column 1 of
 16 paragraph 1 of this subsection and demonstrates below-average improvement for
 17 purposes of column 2 of paragraph 1 of this subsection.

18 3. For each eligible school district and charter holder, add all
 19 corresponding amounts listed in column 5 of paragraph 1 of this subsection
 20 for the eligible school district or charter holder.

21 4. Divide the sum calculated in paragraph 3 of this subsection by the
 22 prior year attending average daily membership of the eligible school district
 23 or charter holder in the tested grades.

24 5. Multiply the quotient calculated in paragraph 4 of this subsection
 25 by the prior year attending average daily membership of the eligible school
 26 district or charter holder in the untested grades.

27 6. Multiply the number of high school graduates for the eligible
 28 school district or charter holder by forty dollars.

29 7. Add the amounts computed in paragraphs 3, 5 and 6 of this
 30 subsection for the eligible school district or charter holder.

31 8. Compute the amount of base support level funding that the eligible
 32 school district or charter holder is receiving for fiscal year 2014-2015 from
 33 an additional increase of thirteen dollars and eighty-six cents that is
 34 included in the base level for fiscal year 2014-2015 pursuant to section
 35 15-901, subsection B, Arizona Revised Statutes, as amended by this act.

36 9. Subtract the amount computed in paragraph 8 of this subsection from
 37 the sum determined in paragraph 7 of this subsection. If the difference is
 38 zero or a negative amount, use zero. If the difference is a positive amount,
 39 the difference equals the amount to be allocated pursuant to this paragraph.

40 B. Notwithstanding subsection A, paragraph 9 of this section, the
 41 department of education shall allocate no more than one million five hundred
 42 thousand dollars of student success funding to eligible school districts and
 43 charter holders collectively statewide for fiscal year 2014-2015. If the
 44 total amount of student success funding allocated to eligible school
 45 districts and charter holders collectively statewide for fiscal year

1 2014-2015 pursuant to subsection A, paragraph 9 of this section otherwise
2 would exceed one million five hundred dollars, the department of education
3 shall reduce student success funding allocations for fiscal year 2014-2015 on
4 a pro rata basis in order to remain within the capped level.

5 C. Eligible school districts and charter holders that receive monies
6 from the student success fund established by section 15-917, Arizona Revised
7 Statutes, as amended by this act, shall submit a report on or before October
8 15, 2015 to the department of education that provides an accounting of the
9 expenditure of monies distributed from the fund during the previous fiscal
10 year. The department of education shall prescribe the format of the report
11 required by this subsection.

12 D. On or before October 15, 2015, the department of education shall
13 prominently post on the department's website the following student success
14 funding information for fiscal year 2014-2015, by school, for each eligible
15 school district and charter holder:

- 16 1. The per pupil amounts for student success funding.
- 17 2. The total amount of student success funding.

18 E. Student success funding is specifically exempt from the revenue
19 control limit.

20 F. For the purposes of this section:

21 1. "Below-average improvement" means a below-average measurement of
22 academic gain for individual students that is used to calculate school and
23 school district achievement profiles pursuant to section 15-241, subsection
24 H, Arizona Revised Statutes.

25 2. "Eligible school district or charter holder" means a school
26 district or charter school that provides instruction in at least one grade
27 and at least one subject and in which students participate in the state
28 assessment adopted by the state board of education pursuant to section
29 15-741, Arizona Revised Statutes. Eligible school district or charter holder
30 does not include school districts and charter holders that provide
31 instruction only in kindergarten programs and grades one and two or joint
32 technical education districts.

33 3. "Eligible score" means the following:

34 (a) The current score in either mathematics or reading according to
35 the state assessment adopted by the state board of education pursuant to
36 section 15-741, Arizona Revised Statutes, that is awarded to a student in
37 grades three and ten.

38 (b) The previous score in either mathematics or reading according to
39 the state assessment adopted by the state board of education pursuant to
40 section 15-741, Arizona Revised Statutes, that is awarded to a student in
41 grades four through eight.

42 4. "High school graduates" means the most current number of students
43 who successfully completed the minimum course of study and competency
44 requirements established by the state board of education pursuant to section

1 15-203, Arizona Revised Statutes, within five years after entering high
2 school.

3 5. "Strong improvement" means an above-average measurement of academic
4 gain for individual students that is used to calculate school and school
5 district achievement profiles pursuant to section 15-241, subsection H,
6 Arizona Revised Statutes, and that is below a determination of superior
7 improvement.

8 6. "Superior improvement" means a measurement of academic gain within
9 or equal to the top seventeen per cent for individual students that is used
10 to calculate school and school district achievement profiles pursuant to
11 section 15-241, subsection H, Arizona Revised Statutes.

12 7. "Tested grades" means grades three through eight and grade ten.

13 8. "Untested grades" means kindergarten programs and grades one, two,
14 nine and eleven.

15 Sec. 19. Joint committee on broadband expansion and education
16 technology; members; duties; reports; delayed repeal

17 A. The joint committee on broadband expansion and education technology
18 is established consisting of the following members:

19 1. Three members of the house of representatives, two of whom are
20 appointed by the speaker of the house of representatives and one of whom is
21 appointed by the minority leader of the house of representatives.

22 2. Three members of the senate, two of whom are appointed by the
23 president of the senate and one of whom is appointed by the senate minority
24 leader.

25 3. The state chief information officer or the chief information
26 officer's designee.

27 4. The state superintendent of education or the superintendent's
28 designee.

29 5. Two members who represent an internet services provider or
30 telecommunications organization with a presence in this state, one of whom is
31 appointed by the president of the senate and one of whom is appointed by the
32 speaker of the house of representatives.

33 6. Two representatives from school districts within this state, one of
34 whom is a representative from a school district located in a county with a
35 population of no more than four hundred thousand persons as determined by the
36 2010 decennial census and who is appointed by the president of the senate,
37 and one of whom is appointed by the speaker of the house of representatives.

38 7. A parent of a child who is currently enrolled in the free and
39 reduced lunch program at a school district or charter school within this
40 state and who is appointed by the governor.

41 B. The speaker of the house of representatives shall select one member
42 who is a member of the house of representatives to serve as cochairperson of
43 the committee and the president of the senate shall select one member who is
44 a member of the senate to serve as cochairperson of the committee.

1 C. The department of administration, the department of education and
2 the legislature shall provide staff services and support for the committee.

3 D. Committee members are not eligible to receive compensation or
4 reimbursement of expenses.

5 E. The committee shall review the extent of available information on
6 the following:

7 1. The availability of high-speed internet access within this state,
8 particularly in rural areas.

9 2. The technological needs of school districts and charter schools in
10 this state, including infrastructure, internet connectivity, data security
11 and information technology personnel.

12 3. Federal programs relating to internet accessibility, including the
13 federal e-rate program, and availability and access to federal monies,
14 especially for rural districts.

15 4. The development of high-speed internet access in other states,
16 including model governance structures.

17 5. The state's current contracts for carrier services and
18 telecommunications and the potential to incentivize the expansion of internet
19 access throughout the state.

20 F. On or before December 1, 2014, the committee shall submit a report
21 of its preliminary findings pursuant to subsection E of this section to the
22 governor, the president of the senate, the speaker of the house of
23 representatives, the joint legislative budget committee and the information
24 technology authorization committee established by section 41-3521, Arizona
25 Revised Statutes.

26 G. On or before December 1, 2015, the committee shall submit a report
27 that includes recommendations to increase internet access to underserved
28 populations, including best practices, funding sources and a model governance
29 structure, to the governor, the president of the senate, the speaker of the
30 house of representatives, the joint legislative budget committee and the
31 information technology authorization committee. The committee shall provide
32 a copy of this report to the secretary of state.

33 H. This section is repealed from and after December 31, 2016.

34 Sec. 20. Appropriations: K-6 technology-based language
35 development and literacy intervention pilot program

36 The sum of \$200,000 is appropriated to the state board of education in
37 fiscal years 2014-2015, 2015-2016 and 2016-2017 from the technology-based
38 language development and literacy intervention fund established by section
39 15-216, Arizona Revised Statutes, as added by this act, for the purpose of
40 providing payment to the educational technology provider selected by the
41 state board pursuant to section 15-216, Arizona Revised Statutes, as added by
42 this act.

1 Sec. 21. Transfers

2 A. On or before August 1, 2014, the commission for postsecondary
3 education shall transfer \$546,800 from the commission for postsecondary
4 education IGA/ISA fund to the technology-based language development and
5 literacy intervention fund established by section 15-216, Arizona Revised
6 Statutes, as added by this act.

7 B. On or before August 1, 2014, the department of education shall
8 transfer \$53,200 in state general fund funding from its accountability and
9 achievement testing program to the technology-based language development and
10 literacy intervention fund established by section 15-216, Arizona Revised
11 Statutes, as added by this act.

12 Sec. 22. Retroactivity

13 Section 15-183, Arizona Revised Statutes, as amended by this act,
14 applies retroactively to from and after June 30, 2013.