

State of Arizona  
House of Representatives  
Fifty-third Legislature  
First Regular Session  
2017

**CHAPTER 304**  
**HOUSE BILL 2545**

AN ACT

AMENDING SECTIONS 15-185 AND 15-249.06, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-249.07, 15-249.08 AND 15-249.09; AMENDING SECTIONS 15-901, 15-945, 15-2002, 15-2011 AND 15-2041, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 4. Equalization assistance for the charter school shall be  
18 determined by adding the amount of the base support level and charter  
19 additional assistance. The amount of the charter additional assistance is  
20 one thousand seven hundred ~~fifty-two~~ SEVENTY-FIVE dollars ~~ten~~ FIVE cents  
21 per student count in preschool programs for children with disabilities,  
22 kindergarten programs and grades one through eight and two thousand  
23 ~~forty-two~~ SIXTY-EIGHT dollars ~~four~~ SEVENTY-NINE cents per student count in  
24 grades nine through twelve.

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

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

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

40 C. If a pupil is enrolled in both a charter school and a public  
41 school that is not a charter school, the sum of the daily membership,  
42 which includes enrollment as prescribed in section 15-901, subsection A,  
43 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed  
44 in section 15-901, subsection A, paragraph 5, for that pupil in the school

1 district and the charter school shall not exceed 1.0. If a pupil is  
2 enrolled in both a charter school and a public school that is not a  
3 charter school, the department of education shall direct the average daily  
4 membership to the school with the most recent enrollment date. On  
5 validation of actual enrollment in both a charter school and a public  
6 school that is not a charter school and if the sum of the daily membership  
7 or daily attendance for that pupil is greater than 1.0, the sum shall be  
8 reduced to 1.0 and shall be apportioned between the public school and the  
9 charter school based on the percentage of total time that the pupil is  
10 enrolled or in attendance in the public school and the charter  
11 school. The uniform system of financial records shall include guidelines  
12 for the apportionment of the pupil enrollment and attendance as provided  
13 in this section.

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

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

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

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

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

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

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

1 state aid withheld shall revert to the state general fund at the end of  
2 the fiscal year.

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

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

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

22 M. The governing body of a charter school shall transmit a copy of  
23 its proposed budget or the summary of the proposed budget and a notice of  
24 the public hearing to the department of education for posting on the  
25 department of education's website no later than ten days before the  
26 hearing and meeting. If the charter school maintains a website, the  
27 charter school governing body shall post on its website a copy of its  
28 proposed budget or the summary of the proposed budget and a notice of the  
29 public hearing.

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

34 O. If permitted by federal law, a charter school may opt out of  
35 federal grant opportunities if the charter holder or the appropriate  
36 governing body of the charter school determines that the federal  
37 requirements impose unduly burdensome reporting requirements.

38 P. For the purposes of this section, "monies intended for the basic  
39 maintenance and operations of the school" means monies intended to provide  
40 support for the educational program of the school, except that it does not  
41 include supplemental assistance for a specific purpose or title VIII of  
42 the elementary and secondary education act of 1965 monies. The auditor  
43 general shall determine which federal or state monies meet this  
44 definition.

1           Sec. 2. Section 15-249.06, Arizona Revised Statutes, is amended to  
2 read:

3           15-249.06. College credit by examination incentive program;  
4                                   incentive bonuses; report; program termination

5           A. The college credit by examination incentive program is  
6 established within the department of education to provide an incentive  
7 bonus to teachers, school districts and charter schools for students who  
8 obtain a passing score on a qualifying examination for college credit  
9 while in high school.

10          B. The Arizona board of regents shall maintain a list of qualifying  
11 examinations that a high school student may take in order to receive  
12 college credit in mathematics, English language arts or science from any  
13 university under the jurisdiction of the Arizona board of regents and the  
14 passing scores required on those examinations in order to receive college  
15 credit. On or before September 1 of each year, the Arizona board of  
16 regents shall provide the list of qualifying examinations and passing  
17 scores to the department of education and shall submit this list to the  
18 joint legislative budget committee for review.

19          C. Beginning in fiscal year 2017-2018, the department of education  
20 shall pay an incentive bonus to school districts and charter schools for  
21 each student in grades nine through twelve who receives a passing score  
22 during the previous fiscal year on a qualifying examination identified by  
23 the Arizona board of regents pursuant to subsection B of this section. A  
24 student who receives a passing score on a qualifying examination and who  
25 is enrolled in a school where fifty percent or more of the students are  
26 eligible for free or reduced price lunches shall generate for the school  
27 district or charter school a bonus of four hundred fifty dollars per  
28 passing score on a qualifying examination. A student who receives a  
29 passing score on a qualifying examination and who is enrolled in a school  
30 where less than fifty percent of the students are eligible for free or  
31 reduced price lunches shall generate for the school district or charter  
32 school a bonus of three hundred dollars per passing score on a qualifying  
33 examination. If the statewide sum of per student bonuses awarded pursuant  
34 to this subsection exceeds the amount of available monies appropriated for  
35 incentive bonuses, the bonus monies shall be reduced proportionally to  
36 cover all eligible bonus awards.

37          D. A school district or charter school that receives an incentive  
38 bonus pursuant to this section shall distribute at least fifty percent of  
39 the bonus monies to the associated classroom teacher for each student who  
40 passes a qualifying examination. Bonus monies awarded to a teacher  
41 pursuant to this subsection shall be in addition to any regular wage,  
42 compensation or other bonus the teacher receives or is scheduled to  
43 receive. The remainder of any bonus monies received by a school district  
44 or charter school shall be used for teacher professional development or

1 student instructional support or materials. Any bonus monies received by  
2 a school district or charter school pursuant to this subsection shall be  
3 separately accounted for in the school district's or charter school's  
4 annual financial report.

5 E. Incentive bonuses distributed to and any bonus monies received  
6 by a school district or charter school pursuant to this section are not  
7 subject to collective bargaining.

8 F. On or before December 15, 2018 and on or before December 15 of  
9 each year thereafter, the department of education shall submit to the  
10 president of the senate, the speaker of the house of representatives, the  
11 governor and the secretary of state **AND TO THE JOINT LEGISLATIVE BUDGET**  
12 **COMMITTEE FOR REVIEW** a report on all of the following:

13 1. The number of students who took a qualifying examination at each  
14 school.

15 2. The number of students who received a passing score on a  
16 qualifying examination and the number of incentive bonus awards  
17 distributed.

18 3. The number and types of qualifying examinations taken by  
19 students.

20 **4. THE AMOUNT OF BONUS MONIES RECEIVED BY EACH SCHOOL.**

21 G. Incentive bonuses distributed to and any bonus monies received  
22 by a teacher are not compensation as defined in section 38-711.

23 H. The program established by this section ends on July 1, 2026  
24 pursuant to section 41-3102.

25 Sec. 3. Title 15, chapter 2, article 2, Arizona Revised Statutes,  
26 is amended by adding sections 15-249.07, 15-249.08 and 15-249.09, to read:

27 **15-249.07. Broadband expansion fund; requirements;**  
28 **disbursements to certified applicants; reports**

29 **A. THE BROADBAND EXPANSION FUND IS ESTABLISHED CONSISTING OF**  
30 **LEGISLATIVE APPROPRIATIONS. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER**  
31 **THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND SHALL BE**  
32 **USED TO PROVIDE STATE MATCHING MONIES FOR CERTIFIED BROADBAND CONNECTIVITY**  
33 **CONSTRUCTION PROJECTS FOR QUALIFIED APPLICANTS. MONIES IN THE FUND ARE**  
34 **EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF**  
35 **APPROPRIATIONS.**

36 **B. QUALIFIED APPLICANTS FOR DISTRIBUTIONS FROM THE BROADBAND**  
37 **EXPANSION FUND INCLUDE SCHOOLS, SCHOOL DISTRICTS, LIBRARIES AND GROUPS OF**  
38 **SCHOOLS OR SCHOOL DISTRICTS WITH BROADBAND CONNECTIVITY CONSTRUCTION**  
39 **PROJECTS THAT ARE CERTIFIED BY THE DEPARTMENT AND THAT ARE ELIGIBLE FOR**  
40 **THE FEDERAL UNIVERSAL SERVICE PROGRAM FOR SCHOOLS AND LIBRARIES KNOWN AS**  
41 **THE E-RATE PROGRAM.**

42 **C. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, THE FIRST EIGHT**  
43 **MILLION DOLLARS OF CUMULATIVE STATE MATCHING CONTRIBUTIONS FOR CERTIFIED**  
44 **BROADBAND CONNECTIVITY CONSTRUCTION PROJECTS SHALL BE PROVIDED BY THE**



1 CORPORATION COMMISSION FROM THE FUNDING MECHANISM ESTABLISHED BY THE  
2 CORPORATION COMMISSION IN ACCORDANCE WITH THE FEDERAL UNIVERSAL SERVICE  
3 PROGRAM.

4 D. THE DEPARTMENT MAY DISBURSE MONIES FROM THE BROADBAND EXPANSION  
5 FUND TO THE APPLICANT OF A CERTIFIED BROADBAND CONNECTIVITY CONSTRUCTION  
6 PROJECT ON NOTIFICATION FROM THE UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
7 THAT A PROJECT IS APPROVED FOR FEDERAL E-RATE PROGRAM MONIES.

8 E. AN APPLICANT MAY NOT RECEIVE A TOTAL AMOUNT FROM THE FEDERAL  
9 UNIVERSAL SERVICE FUND, THE FUNDING MECHANISM ESTABLISHED BY THE  
10 CORPORATION COMMISSION IN ACCORDANCE WITH THE FEDERAL UNIVERSAL SERVICE  
11 PROGRAM AND THE BROADBAND EXPANSION FUND IN EXCESS OF THE CERTIFIED  
12 BROADBAND CONNECTIVITY CONSTRUCTION PROJECT'S COST.

13 F. WHEN CERTIFYING PROJECTS AS ELIGIBLE FOR FUNDING FROM THE  
14 BROADBAND EXPANSION FUND, THE DEPARTMENT SHALL GIVE PRIORITY TO APPLICANTS  
15 WITH AN E-RATE PROGRAM DISCOUNT RATE OF AT LEAST EIGHTY PERCENT, AS  
16 DEFINED BY THE UNIVERSAL SERVICE ADMINISTRATIVE COMPANY.

17 G. CERTIFIED BROADBAND CONNECTIVITY CONSTRUCTION PROJECTS FUNDED  
18 WITH MONIES FROM THE BROADBAND EXPANSION FUND:

19 1. SHALL PROVIDE BANDWIDTH SUFFICIENT TO MEET THE STANDARDS FOR  
20 EDUCATIONAL SERVICES FOR THE RELEVANT FUNDING YEAR BY THE FEDERAL  
21 COMMUNICATIONS COMMISSION AND MAY NOT EXCEED THOSE STANDARDS WITHOUT GOOD  
22 CAUSE.

23 2. MAY BE FIBER-BASED OR, IF DETERMINED TO BE JUSTIFIED BY COST,  
24 NONFIBER BASED.

25 H. ON OR BEFORE JUNE 30 AND DECEMBER 31 OF EACH YEAR, THE  
26 DEPARTMENT SHALL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE THE  
27 FOLLOWING INFORMATION FOR EACH BROADBAND CONNECTIVITY CONSTRUCTION PROJECT  
28 THAT THE DEPARTMENT HAS CERTIFIED TO RECEIVE A STATE MATCHING  
29 CONTRIBUTION:

30 1. THE APPLICANT'S NAME.

31 2. WHETHER THE PROJECT IS IN PROCESS OR COMPLETE.

32 3. THE FEDERAL E-RATE DISCOUNT CALCULATION.

33 4. THE TOTAL PROJECT COST AND THE SHARE OF FUNDING PROVIDED BY  
34 LOCAL, STATE AND FEDERAL MONIES.

35 5. THE NUMBER OF STUDENTS SERVED.

36 I. THE INFORMATION REPORTED ON OR BEFORE JUNE 30 EACH YEAR PURSUANT  
37 TO SUBSECTION H OF THIS SECTION SHALL BE SUBMITTED TO THE JOINT  
38 LEGISLATIVE BUDGET COMMITTEE FOR REVIEW.

39 15-249.08. Results-based funding fund: distributions:  
40 requirements

41 A. THE RESULTS-BASED FUNDING FUND IS ESTABLISHED CONSISTING OF  
42 LEGISLATIVE APPROPRIATIONS. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER  
43 THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED.

1 B. THE DEPARTMENT OF EDUCATION SHALL DISTRIBUTE MONIES FROM THE  
2 RESULTS-BASED FUNDING FUND TO SCHOOL DISTRICTS AND CHARTER SCHOOLS AS  
3 FOLLOWS:

4 1. BEGINNING IN FISCAL YEAR 2017-2018:

5 (a) EACH SCHOOL OPERATED BY A SCHOOL DISTRICT OR CHARTER HOLDER  
6 SHALL RECEIVE TWO HUNDRED TWENTY-FIVE DOLLARS FROM THE FUND PER STUDENT  
7 COUNT IF THE SCHOOL MEETS BOTH OF THE FOLLOWING CRITERIA:

8 (i) AT THE TIME THE TEST PRESCRIBED IN ITEM (i) OF THIS  
9 SUBDIVISION IS ADMINISTERED, FEWER THAN SIXTY PERCENT OF THE PUPILS WHO  
10 ARE ENROLLED IN THE SCHOOL MEET THE ELIGIBILITY REQUIREMENTS ESTABLISHED  
11 UNDER THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES  
12 CODE SECTIONS 1751 THROUGH 1785) FOR FREE OR REDUCED-PRICE LUNCHES, OR AN  
13 EQUIVALENT MEASURE RECOGNIZED FOR PARTICIPATING IN THE FEDERAL FREE AND  
14 REDUCED-PRICE LUNCH PROGRAM AND OTHER SCHOOL PROGRAMS DEPENDENT ON A  
15 POVERTY MEASURE, INCLUDING THE COMMUNITY ELIGIBILITY PROVISION FOR WHICH  
16 FREE AND REDUCED-PRICE LUNCH DATA IS NOT AVAILABLE.

17 (ii) IN RESULTS ACHIEVED DURING THE SPRING OF 2016, THE SCHOOL  
18 PERFORMED IN THE TOP TEN PERCENT OF ALL SCHOOLS STATEWIDE AS DEMONSTRATED  
19 BY THE AVERAGE PERCENTAGE OF PUPILS WHO OBTAINED A PASSING SCORE ON THE  
20 MATHEMATICS PORTIONS OF THE STATEWIDE ASSESSMENT AND THE PERCENT OF PUPILS  
21 WHO PASSED THE LANGUAGE ARTS PORTIONS OF THE STATEWIDE ASSESSMENT.

22 (b) EACH SCHOOL OPERATED BY A SCHOOL DISTRICT OR CHARTER HOLDER  
23 SHALL RECEIVE FOUR HUNDRED DOLLARS FROM THE FUND PER STUDENT COUNT IF THE  
24 SCHOOL MEETS BOTH OF THE FOLLOWING CRITERIA:

25 (i) AT THE TIME THAT THE TEST PRESCRIBED IN ITEM (i) OF THIS  
26 SUBDIVISION IS ADMINISTERED, SIXTY PERCENT OR MORE OF THE PUPILS WHO ARE  
27 ENROLLED IN THE SCHOOL MEET THE ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER  
28 THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE  
29 SECTIONS 1751 THROUGH 1785) FOR FREE OR REDUCED-PRICE LUNCHES, OR AN  
30 EQUIVALENT MEASURE RECOGNIZED FOR PARTICIPATING IN THE FEDERAL FREE AND  
31 REDUCED-PRICE LUNCH PROGRAM AND OTHER SCHOOL PROGRAMS DEPENDENT ON A  
32 POVERTY MEASURE, INCLUDING THE COMMUNITY ELIGIBILITY PROVISION FOR WHICH  
33 FREE AND REDUCED-PRICE LUNCH DATA IS NOT AVAILABLE.

34 (ii) IN RESULTS ACHIEVED DURING THE SPRING OF 2016, THE SCHOOL  
35 PERFORMED IN THE TOP TEN PERCENT OF SCHOOLS PURSUANT TO ITEM (i) OF THIS  
36 SUBDIVISION, AS DEMONSTRATED BY THE AVERAGE PERCENTAGE OF THOSE PUPILS WHO  
37 OBTAINED A PASSING SCORE ON THE MATHEMATICS PORTIONS OF THE STATEWIDE  
38 ASSESSMENT AND THE PERCENT OF PUPILS WHO PASSED THE LANGUAGE ARTS PORTIONS  
39 OF THE STATEWIDE ASSESSMENT.

40 (c) EACH ALTERNATIVE HIGH SCHOOL THAT IS SUBJECT TO A SPECIALIZED  
41 RATING SYSTEM AND THAT IN 2014 WAS ASSIGNED THE EQUIVALENT OF A LETTER  
42 GRADE DESIGNATION OF A PURSUANT TO SECTION 15-241 SHALL RECEIVE FOUR  
43 HUNDRED DOLLARS FROM THE FUND PER STUDENT COUNT.

1           2. BEGINNING IN FISCAL YEAR 2018-2019:

2           (a) EACH SCHOOL OPERATED BY A SCHOOL DISTRICT OR CHARTER HOLDER  
3 SHALL RECEIVE TWO HUNDRED TWENTY-FIVE DOLLARS FROM THE FUND PER STUDENT  
4 COUNT IF THE SCHOOL HAS A LETTER GRADE DESIGNATION OF A PURSUANT TO  
5 SECTION 15-241 FROM THE PRIOR FISCAL YEAR AND FEWER THAN SIXTY PERCENT OF  
6 THE PUPILS WHO ARE ENROLLED IN THE SCHOOL MEET THE ELIGIBILITY  
7 REQUIREMENTS ESTABLISHED UNDER THE NATIONAL SCHOOL LUNCH AND CHILD  
8 NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751 THROUGH 1785) FOR FREE  
9 OR REDUCED-PRICE LUNCHES, OR AN EQUIVALENT MEASURE RECOGNIZED FOR  
10 PARTICIPATING IN THE FEDERAL FREE AND REDUCED-PRICE LUNCH PROGRAM AND  
11 OTHER SCHOOL PROGRAMS DEPENDENT ON A POVERTY MEASURE, INCLUDING THE  
12 COMMUNITY ELIGIBILITY PROVISION IN WHICH FREE AND REDUCED-PRICE LUNCH DATA  
13 IS NOT AVAILABLE.

14           (b) EACH SCHOOL OPERATED BY A SCHOOL DISTRICT OR CHARTER HOLDER  
15 SHALL RECEIVE FOUR HUNDRED DOLLARS FROM THE FUND PER STUDENT COUNT IF THE  
16 SCHOOL HAS A LETTER GRADE DESIGNATION OF A PURSUANT TO SECTION 15-241 FROM  
17 THE PRIOR FISCAL YEAR AND SIXTY PERCENT OR MORE OF THE PUPILS WHO ARE  
18 ENROLLED IN THE SCHOOL MEET THE ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER  
19 THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE  
20 SECTIONS 1751 THROUGH 1785) FOR FREE OR REDUCED-PRICE LUNCHES, OR AN  
21 EQUIVALENT MEASURE RECOGNIZED FOR PARTICIPATING IN THE FEDERAL FREE AND  
22 REDUCED-PRICE LUNCH PROGRAM AND OTHER SCHOOL PROGRAMS DEPENDENT ON A  
23 POVERTY MEASURE, INCLUDING THE COMMUNITY ELIGIBILITY PROVISION IN WHICH  
24 FREE AND REDUCED-PRICE LUNCH DATA IS NOT AVAILABLE.

25           c. ANY MONIES RECEIVED FROM THE RESULTS-BASED FUNDING FUND BY A  
26 SCHOOL DISTRICT OR CHARTER HOLDER SHALL BE SEPARATELY ACCOUNTED FOR IN THE  
27 SCHOOL DISTRICT'S OR CHARTER HOLDER'S ANNUAL FINANCIAL REPORT. EXCEPT AS  
28 PROVIDED IN THIS SUBSECTION, THE MONIES SHALL BE ALLOCATED DIRECTLY TO  
29 ENHANCE, EXPAND OR REPLICATE THE SCHOOL SITE THAT GENERATED THE  
30 RESULTS-BASED FUNDING AND SHALL NOT SUPPLANT MONIES BUDGETED OR RECEIVED  
31 FROM ANY OTHER SOURCE THAT ARE GENERALLY PROVIDED TO THAT SCHOOL. THE  
32 MAJORITY OF THE MONIES RECEIVED FROM THE FUND BY A SCHOOL DISTRICT OR  
33 CHARTER HOLDER SHALL BE USED FOR TEACHER SALARIES, TO HIRE TEACHERS AND TO  
34 PROVIDE FOR TEACHER PROFESSIONAL DEVELOPMENT. A PORTION OF THE MONIES  
35 RECEIVED FROM THE FUND BY A SCHOOL DISTRICT OR CHARTER HOLDER MAY BE USED  
36 FOR THE EXPANSION AND REPLICATION OF THAT SCHOOL SITE AS A QUALITY SCHOOL  
37 MODEL. THE MONIES SHALL BE USED TO SUSTAIN AND REPLICATE RESULTS, TO  
38 SERVE MORE STUDENTS ON A WAITING LIST AT A SCHOOL WITH A LETTER GRADE  
39 DESIGNATION OF A OR B AND TO INCREASE SALARIES FOR TEACHERS, OTHER  
40 CLASSROOM STAFF AND SCHOOL LEADERS CLOSING THE ACHIEVEMENT GAP IN  
41 HIGH-POVERTY SCHOOLS. FOR THE PURPOSES OF THIS SUBSECTION, "REPLICATION"  
42 MEANS:

43           1. ADDING SEATS AND SERVING MORE STUDENTS AT THE AWARDED SCHOOL  
44 SITE.

1 2. USING RESOURCES AT A DIFFERENT LOCATION TO IMPROVE THAT SCHOOL  
2 OR TO SUSTAIN OR ACCELERATE ACADEMIC GROWTH.

3 3. MENTORING OTHER SCHOOLS AND SCHOOL LEADERS TO REPLICATE THE  
4 MODEL OR TO PROVIDE OTHER TYPES OF SCHOOL IMPROVEMENT SUPPORTS.

5 4. PHYSICALLY EXPANDING AT ANOTHER LOCATION.

6 D. SCHOOLS RECEIVING FUNDING PURSUANT TO SUBSECTION C, PARAGRAPH 2,  
7 3 OR 4 OF THIS SECTION MUST SHOW STEADY IMPROVEMENT AFTER THREE YEARS TO  
8 REMAIN ELIGIBLE FOR FUNDING.

9 15-249.09. Early literacy grant program fund; grants; report;  
10 definitions

11 A. THE EARLY LITERACY GRANT PROGRAM FUND IS ESTABLISHED TO PROVIDE  
12 SUPPORT TO IMPROVE READING SKILLS, LITERACY AND PROFICIENCY FOR STUDENTS  
13 IN KINDERGARTEN PROGRAMS AND GRADES ONE, TWO AND THREE IN ADDITION TO  
14 MONIES RECEIVED PURSUANT TO SECTION 15-211. THE FUND SHALL BE  
15 ADMINISTERED BY THE DEPARTMENT OF EDUCATION. THE STATE BOARD OF EDUCATION  
16 SHALL DEVELOP POLICIES AND PROCEDURES TO BE ADMINISTERED BY THE DEPARTMENT  
17 OF EDUCATION.

18 B. SUBJECT TO REVIEW AND APPROVAL BY THE STATE BOARD OF EDUCATION,  
19 THE DEPARTMENT OF EDUCATION SHALL AWARD GRANTS ON A THREE-YEAR CYCLE TO  
20 ELIGIBLE SCHOOLS BASED ON AVAILABLE MONIES ON A PER PUPIL BASIS.

21 C. ELIGIBLE SCHOOLS MAY USE GRANT MONIES FOR ELIGIBLE EXPENSES TO  
22 INCREASE THE READING PROFICIENCY OF STUDENTS IN KINDERGARTEN PROGRAMS AND  
23 GRADES ONE, TWO AND THREE. ELIGIBLE SCHOOLS MAY ALSO USE GRANT MONIES TO  
24 PROVIDE A FULL-DAY KINDERGARTEN PROGRAM THAT IS STRUCTURED TO INCREASE  
25 READING PROFICIENCY. GRANT MONIES MUST BE USED TO SUPPLEMENT AND NOT  
26 SUPPLANT ACTIVITIES INCLUDED IN A SCHOOL'S READING PROGRAM PLAN SUBMITTED  
27 PURSUANT TO SECTION 15-211.

28 D. SUBJECT TO REVIEW AND APPROVAL BY THE STATE BOARD OF EDUCATION,  
29 THE DEPARTMENT OF EDUCATION SHALL INCLUDE A REPORT ON THE EARLY LITERACY  
30 GRANT PROGRAM IN THE K-3 READING PROGRAM PLAN REQUIRED BY SECTION 15-211.  
31 THE REPORT SHALL CONTAIN THE FOLLOWING:

32 1. A DESCRIPTION OF THE GRANTS AWARDED EACH YEAR.

33 2. A SUMMARY OF THE FUNDED ACTIVITIES.

34 3. INFORMATION ON THE RECIPIENT SCHOOLS' PROGRESS TOWARD  
35 ACHIEVEMENT GOALS.

36 4. SPECIFIC FINDINGS ON GRANT-FUNDED STRATEGIES AND ACTIVITIES AND  
37 THEIR LEVEL OF EFFECTIVENESS IN IMPROVING READING PROFICIENCY IN THE  
38 RECIPIENT SCHOOLS.

39 E. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2025  
40 PURSUANT TO SECTION 41-3102.

41 F. FOR THE PURPOSES OF THIS SECTION:

42 1. "ELIGIBLE EXPENSES" MEANS EXPENSES FOR EVIDENCE-BASED STRATEGIES  
43 AND INTERVENTIONS DESIGNED TO IMPROVE THE READING PROFICIENCY OF STUDENTS  
44 IN KINDERGARTEN PROGRAMS AND GRADES ONE, TWO AND THREE PURSUANT TO

1 SECTIONS 15-211 AND 15-704, INCLUDING READING COACHES OR SPECIALISTS,  
2 READING CURRICULA OR TUTORING PROGRAMS.

3 2. "ELIGIBLE SCHOOL" MEANS A PUBLIC SCHOOL WITH AT LEAST NINETY  
4 PERCENT OF STUDENTS WHO ARE ELIGIBLE FOR FREE AND REDUCED-PRICED LUNCHES  
5 UNDER THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES  
6 CODE SECTIONS 1751 THROUGH 1785).

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

9 15-901. Definitions

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

11 1. "Average daily membership" means the total enrollment of  
12 fractional students and full-time students, minus withdrawals, of each  
13 school day through the first one hundred days or two hundred days in  
14 session, as applicable, for the current year. Withdrawals include  
15 students who are formally withdrawn from schools and students who are  
16 absent for ten consecutive school days, except for excused absences  
17 identified by the department of education. For the purposes of this  
18 section, school districts and charter schools shall report student absence  
19 data to the department of education at least once every sixty days in  
20 session. For computation purposes, the effective date of withdrawal shall  
21 be retroactive to the last day of actual attendance of the student or  
22 excused absence.

23 (a) "Fractional student" means:

24 (i) For common schools, a preschool child who is enrolled in a  
25 program for preschool children with disabilities of at least three hundred  
26 sixty minutes each week that meets at least two hundred sixteen hours over  
27 the minimum number of days or a kindergarten student who is at least five  
28 years of age before January 1 of the school year and enrolled in a school  
29 kindergarten program that meets at least three hundred fifty-six hours for  
30 a one hundred eighty-day school year, or the instructional hours  
31 prescribed in this section. Lunch periods and recess periods may not be  
32 included as part of the instructional hours unless the child's  
33 individualized education program requires instruction during those periods  
34 and the specific reasons for such instruction are fully documented. In  
35 computing the average daily membership, preschool children with  
36 disabilities and kindergarten students shall be counted as one-half of a  
37 full-time student. For common schools, a part-time student is a student  
38 enrolled for less than the total time for a full-time student as defined  
39 in this section. A part-time common school student shall be counted as  
40 one-fourth, one-half or three-fourths of a full-time student if the  
41 student is enrolled in an instructional program that is at least  
42 one-fourth, one-half or three-fourths of the time a full-time student is  
43 enrolled as defined in subdivision (b) of this paragraph.

1 (ii) For high schools, a part-time student who is enrolled in less  
2 than four subjects that count toward graduation as defined by the state  
3 board of education, each of which, if taught each school day for the  
4 minimum number of days required in a school year, would meet a minimum of  
5 one hundred twenty-three hours a year, or the equivalent, in a recognized  
6 high school. The average daily membership of a part-time high school  
7 student shall be 0.75 if the student is enrolled in an instructional  
8 program of three subjects that meet at least five hundred forty hours for  
9 a one hundred eighty-day school year, or the instructional hours  
10 prescribed in this section. The average daily membership of a part-time  
11 high school student shall be 0.5 if the student is enrolled in an  
12 instructional program of two subjects that meet at least three hundred  
13 sixty hours for a one hundred eighty-day school year, or the instructional  
14 hours prescribed in this section. The average daily membership of a  
15 part-time high school student shall be 0.25 if the student is enrolled in  
16 an instructional program of one subject that meets at least one hundred  
17 eighty hours for a one hundred eighty-day school year, or the  
18 instructional hours prescribed in this section.

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

20 (i) For common schools, a student who is at least six years of age  
21 before January 1 of a school year, who has not graduated from the highest  
22 grade taught in the school district and who is regularly enrolled in a  
23 course of study required by the state board of education. First, second  
24 and third grade students or ungraded group B children with disabilities  
25 who are at least five, but under six, years of age by September 1 must be  
26 enrolled in an instructional program that meets for a total of at least  
27 seven hundred twelve hours for a one hundred eighty-day school year, or  
28 the instructional hours prescribed in this section. Fourth, fifth and  
29 sixth grade students must be enrolled in an instructional program that  
30 meets for a total of at least eight hundred ninety hours for a one hundred  
31 eighty-day school year, or the instructional hours prescribed in this  
32 section. Seventh and eighth grade students must be enrolled in an  
33 instructional program that meets for at least one thousand hours. Lunch  
34 periods and recess periods may not be included as part of the  
35 instructional hours unless the student is a child with a disability and  
36 the child's individualized education program requires instruction during  
37 those periods and the specific reasons for such instruction are fully  
38 documented.

39 (ii) For high schools, a student who has not graduated from the  
40 highest grade taught in the school district and who is enrolled in at  
41 least an instructional program of four or more subjects that count toward  
42 graduation as defined by the state board of education, each of which, if  
43 taught each school day for the minimum number of days required in a school  
44 year, would meet a minimum of one hundred twenty-three hours a year, or

1 the equivalent, that meets for a total of at least seven hundred twenty  
2 hours for a one hundred eighty-day school year, or the instructional hours  
3 prescribed in this section in a recognized high school. A full-time  
4 student shall not be counted more than once for computation of average  
5 daily membership. The average daily membership of a full-time high school  
6 student shall be 1.0 if the student is enrolled in at least four subjects  
7 that meet at least seven hundred twenty hours for a one hundred eighty-day  
8 school year, or the equivalent instructional hours prescribed in this  
9 section.

10 (iii) If a child who has not reached five years of age before  
11 September 1 of the current school year is admitted to kindergarten and  
12 repeats kindergarten in the following school year, a school district or  
13 charter school is not eligible to receive basic state aid on behalf of  
14 that child during the child's second year of kindergarten. If a child who  
15 has not reached five years of age before September 1 of the current school  
16 year is admitted to kindergarten but does not remain enrolled, a school  
17 district or charter school may receive a portion of basic state aid on  
18 behalf of that child in the subsequent year. A school district or charter  
19 school may charge tuition for any child who is ineligible for basic state  
20 aid pursuant to this item.

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

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

30 (vi) Except as otherwise provided by law, for any student who is  
31 concurrently enrolled, pursuant to section 15-808, in a school district  
32 and Arizona online instruction or a charter school and Arizona online  
33 instruction, the average daily membership shall be apportioned between the  
34 school district and Arizona online instruction or the charter school and  
35 Arizona online instruction and shall not exceed 1.0. The apportionment  
36 shall be based on the percentage of total time that the student is  
37 enrolled in or in attendance at the school district and Arizona online  
38 instruction or the charter school and Arizona online instruction.

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

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

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

4           (a) Grades one through eight.

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

6           4. "Current year" means the fiscal year in which a school district  
7 is operating.

8           5. "Daily attendance" means:

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

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

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

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

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

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

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

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

42           (c) For common schools, the attendance of a preschool child with  
43 disabilities shall be counted as one-fourth day's attendance for each  
44 thirty-six minutes of attendance not including lunch periods and recess



1 periods, except as provided in paragraph 1, subdivision (a), item (i) of  
2 this subsection for children with disabilities up to a maximum of three  
3 hundred sixty minutes each week.

4 (d) For high schools, the attendance of a pupil shall not be  
5 counted as a full day unless the pupil is actually and physically in  
6 attendance and enrolled in and carrying four subjects, each of which, if  
7 taught each school day for the minimum number of days required in a school  
8 year, would meet a minimum of one hundred twenty-three hours a year, or  
9 the equivalent, that count toward graduation in a recognized high school  
10 except as provided in section 15-797 and subdivision (e) of this  
11 paragraph. Attendance of a pupil carrying less than the load prescribed  
12 shall be prorated.

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

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

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

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

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

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

40 7. "District support level" means the base support level plus the  
41 transportation support level.

42 8. "Eligible students" means:

43 (a) Students who are transported by or for a school district and  
44 who qualify as full-time students or fractional students, except students

1 for whom transportation is paid by another school district or a county  
2 school superintendent, and:

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

11 (ii) For high school students, whose place of actual residence  
12 within the school district is more than one and one-half miles from the  
13 school facility of attendance or students who are admitted pursuant to  
14 section 15-816.01 and who meet the economic eligibility requirements  
15 established under the national school lunch and child nutrition acts  
16 (42 United States Code sections 1751 through 1785) for free or reduced  
17 price lunches and whose actual place of residence outside the school  
18 district boundaries is more than one and one-half miles from the school  
19 facility of attendance.

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

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

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

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

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

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

43 12. "Revenue control limit" means the base revenue control limit  
44 plus the transportation revenue control limit.

1           13. "Student count" means average daily membership as prescribed in  
2 this subsection for the fiscal year before the current year, except that  
3 for the purpose of budget preparation student count means average daily  
4 membership as prescribed in this subsection for the current year.

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

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

9           16. "Total students transported" means all eligible students  
10 transported from their place of residence to a school transportation  
11 pickup point or to the school of attendance and from the school of  
12 attendance or from the school transportation scheduled return point to  
13 their place of residence.

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

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

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

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

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

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

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

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

35           (e) For fiscal year 2014-2015, three thousand three hundred  
36 seventy-three dollars eleven cents.

37           (f) For fiscal year 2015-2016, three thousand six hundred dollars  
38 zero cents.

39           (g) For fiscal year 2016-2017, three thousand six hundred  
40 thirty-five dollars sixty-four cents.

41           (h) FOR FISCAL YEAR 2017-2018, THREE THOUSAND SIX HUNDRED  
42 EIGHTY-THREE DOLLARS TWENTY-SEVEN CENTS.

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

- 1           4. "Base support level" means the base support level as provided in  
2 section 15-943.
- 3           5. "Certified teacher" means a person who is certified as a teacher  
4 pursuant to the rules adopted by the state board of education, who renders  
5 direct and personal services to schoolchildren in the form of instruction  
6 related to the school district's educational course of study and who is  
7 paid from the maintenance and operation section of the budget.
- 8           6. "DD" means programs for children with developmental delays who  
9 are at least three years of age but under ten years of age. A preschool  
10 child who is categorized under this paragraph is not eligible to receive  
11 funding pursuant to section 15-943, paragraph 2, subdivision (b).
- 12           7. "ED, MIID, SLD, SLI and OHI" means programs for children with  
13 emotional disabilities, mild intellectual disabilities, a specific  
14 learning disability, a speech/language impairment and other health  
15 impairments. A preschool child who is categorized as SLI under this  
16 paragraph is not eligible to receive funding pursuant to section 15-943,  
17 paragraph 2, subdivision (b).
- 18           8. "ED-P" means programs for children with emotional disabilities  
19 who are enrolled in private special education programs as prescribed in  
20 section 15-765, subsection D, paragraph 1 or in an intensive school  
21 district program as provided in section 15-765, subsection D, paragraph 2.
- 22           9. "ELL" means English learners who do not speak English or whose  
23 native language is not English, who are not currently able to perform  
24 ordinary classroom work in English and who are enrolled in an English  
25 language education program pursuant to sections 15-751, 15-752 and 15-753.
- 26           10. "Full-time equivalent certified teacher" or "FTE certified  
27 teacher" means for a certified teacher the following:
- 28           (a) If employed full time as defined in section 15-501, 1.00.  
29           (b) If employed less than full time, multiply 1.00 by the  
30 percentage of a full school day, or its equivalent, or a full class load,  
31 or its equivalent, for which the teacher is employed as determined by the  
32 governing board.
- 33           11. "Group A" means educational programs for career exploration, a  
34 specific learning disability, an emotional disability, a mild intellectual  
35 disability, remedial education, a speech/language impairment,  
36 developmental delay, homebound, bilingual, other health impairments and  
37 gifted pupils.
- 38           12. "Group B" means educational improvements for pupils in  
39 kindergarten programs and grades one through three, educational programs  
40 for autism, a hearing impairment, a moderate intellectual disability,  
41 multiple disabilities, multiple disabilities with severe sensory  
42 impairment, orthopedic impairments, preschool severe delay, a severe  
43 intellectual disability and emotional disabilities for school age pupils  
44 enrolled in private special education programs or in school district

1 programs for children with severe disabilities or visual impairment and  
2 English learners enrolled in a program to promote English language  
3 proficiency pursuant to section 15-752.

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

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

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

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

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

28 18. "MD-SC, A-SC and SID-SC" means self-contained programs for  
29 pupils with multiple disabilities, autism and severe intellectual  
30 disability.

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

33 20. "MOID" means programs for pupils with moderate intellectual  
34 disability.

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

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

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

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

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

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

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

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

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

15           27. "Small school district" means a school district that meets all  
16 of the following:

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

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

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

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

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

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

29           Sec. 5. Section 15-945, Arizona Revised Statutes, is amended to  
30 read:

31           15-945. Transportation support level

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

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

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible <u>Student Transported</u>	State Support Level per Route Mile for <u>Fiscal Year</u> <del>2016-2017</del> <u>2017-2018</u>
10 0.5 or less	<del>2.56</del> 2.59
11 More than 0.5 through 1.0	<del>2.09</del> 2.12
12 More than 1.0	<del>2.56</del> 2.59

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route Mileage per Eligible <u>Student Transported</u>	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <u>05</u>
31 0.5 or less	0.15	0.10	0.25
32 More than 0.5 through 1.0	0.15	0.10	0.25
33 More than 1.0	0.18	0.12	0.30

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

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

43           1. Determine the sum of the following:

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

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

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

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

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

27 F. School districts must provide the odometer reading for each bus  
28 as of the end of the current year and the total bus mileage during the  
29 current year.

30 Sec. 6. Section 15-2002, Arizona Revised Statutes, is amended to  
31 read:

32 15-2002. Powers and duties; executive director; staffing;  
33 report

34 A. The school facilities board shall:

35 1. Make assessments of school facilities and equipment deficiencies  
36 and approve the distribution of grants as appropriate.

37 2. Maintain a database of school facilities to administer the  
38 building renewal grant fund and new school facilities formula. The  
39 facilities listed in the database must include all buildings that are  
40 owned by school districts. The school facilities board shall ensure that  
41 the database is updated on at least an annual basis. Each school district  
42 shall report to the school facilities board no later than September 1 of  
43 each year information as required by the school facilities board for the  
44 administration of the building renewal grant fund and computation of new



1 school facilities formula distributions, including the nature and cost of  
2 major repairs, renovations or physical improvements to or replacement of  
3 building systems or equipment that were made in the previous year and that  
4 were paid for either with local monies or monies provided by the school  
5 facilities board from the building renewal grant fund. Each school  
6 district shall report any school or school buildings that have been  
7 closed, that have been leased to another entity or that operate as a  
8 charter school. The school facilities board may review or audit the  
9 information, or both, to confirm the information submitted by a school  
10 district. Notwithstanding any other provision of this chapter, if a  
11 school district converts space that is listed in the database maintained  
12 pursuant to this paragraph to space that will be used for administrative  
13 purposes, the school district is responsible for any costs associated with  
14 the conversion, maintenance and replacement of that space. If a building  
15 is significantly upgraded or remodeled, the school facilities board shall  
16 adjust the age of that school facility in the database as follows:

- 17 (a) Determine the building capacity value as follows:  
18 (i) Multiply the student capacity of the building by the per pupil  
19 square foot capacity established by section 15-2041.  
20 (ii) Multiply the product determined in item (i) of this  
21 subdivision by the cost per square foot established by section 15-2041.  
22 (b) Divide the cost of the renovation by the building capacity  
23 value determined in subdivision (a) of this paragraph.  
24 (c) Multiply the quotient determined in subdivision (b) of this  
25 paragraph by the currently listed age of the building in the database.  
26 (d) Subtract the product determined in subdivision (c) of this  
27 paragraph from the currently listed age of the building in the database,  
28 rounded to the nearest whole number. If the result is a negative number,  
29 use zero.

30 3. Inspect school buildings at least once every five years to  
31 ensure compliance with the building adequacy standards prescribed in  
32 section 15-2011 and routine preventative maintenance guidelines as  
33 prescribed in this section with respect to construction of new buildings  
34 and maintenance of existing buildings. The school facilities board shall  
35 randomly select twenty school districts every thirty months and inspect  
36 them pursuant to this paragraph.

37 4. Review and approve student population projections submitted by  
38 school districts to determine to what extent school districts are entitled  
39 to monies to construct new facilities pursuant to section 15-2041. The  
40 board shall make a final determination within ~~six~~ FIVE months ~~of~~ AFTER the  
41 receipt of an application by a school district for monies from the new  
42 school facilities fund.

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

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

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

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

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

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

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

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

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

37           10. On or before December 1 of each year, report electronically to  
38 the joint committee on capital review the amounts necessary to fulfill the  
39 requirements of sections 15-2022 and 15-2041 for the following three  
40 fiscal years. In developing the amounts necessary for this report, the  
41 school facilities board shall use the most recent average daily membership  
42 data available. On request from the board, the department of education  
43 shall make available the most recent average daily membership data for use  
44 in calculating the amounts necessary to fulfill the requirements of

1 section 15-2041 for the following three fiscal years. The board shall  
2 provide copies of the report to the president of the senate, the speaker  
3 of the house of representatives and the governor.

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

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

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

29 14. Every two years, provide school districts with information on  
30 improving and maintaining the indoor environmental quality in school  
31 buildings.

32 15. On or before December 31 of each year, report to the joint  
33 legislative budget committee on all class B bond approvals by school  
34 districts in that year. Each school district shall report to the school  
35 facilities board on or before December 1 of each year information required  
36 by the school facilities board for the report prescribed in this  
37 paragraph.

38 16. Validate proposed adjacent ways projects submitted by school  
39 districts as prescribed in section 15-995.

40 B. The school facilities board may contract for the following  
41 services in compliance with the procurement practices prescribed in title  
42 41, chapter 23:

43 1. Private services.

44 2. Construction project management services.

1           3. Assessments for school buildings to determine if the buildings  
2 have outlived their useful life pursuant to section 15-2041, subsection G.

3           4. Services related to land acquisition and development of a school  
4 site.

5           C. The governor shall appoint an executive director of the school  
6 facilities board pursuant to section 38-211. The executive director is  
7 eligible to receive compensation as determined pursuant to section 38-611  
8 and may hire and fire necessary staff subject to title 41, chapter 4,  
9 article 4 and as approved by the legislature in the budget. The executive  
10 director shall have demonstrated competency in school finance, facilities  
11 design or facilities management, either in private business or government  
12 service. The executive director serves at the pleasure of the governor.  
13 The staff of the school facilities board is exempt from title 41, chapter  
14 4, articles 5 and 6. The executive director:

15           1. Shall analyze applications for monies submitted to the board by  
16 school districts.

17           2. Shall assist the board in developing forms and procedures for  
18 the distribution and review of applications and the distribution of monies  
19 to school districts.

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

22           4. Shall assist the board in the preparation of the board's annual  
23 report.

24           5. Shall research and provide reports on issues of general interest  
25 to the board.

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

29           7. May assist school districts in facilitating the development of  
30 multijurisdictional facilities.

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

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

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

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

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

10          13. Shall provide technical support to school districts as  
11 requested by school districts in connection with the construction of new  
12 school facilities and the maintenance of existing school facilities and  
13 may contract directly with construction project managers pursuant to  
14 subsection B of this section. This paragraph does not restrict a school  
15 district from contracting with a construction project manager using  
16 district or state resources.

17          D. When appropriate, the school facilities board shall review and  
18 use the statewide school facilities inventory and needs assessment  
19 conducted by the joint committee on capital review and issued in July,  
20 1995.

21          E. The school facilities board shall contract with one or more  
22 private building inspectors to complete an initial assessment of school  
23 facilities and equipment and shall inspect each school building in this  
24 state at least once every five years to ensure compliance with section  
25 15-2011. A copy of the inspection report, together with any  
26 recommendations for building maintenance, shall be provided to the school  
27 facilities board and the governing board of the school district.

28          F. The school facilities board may consider appropriate  
29 combinations of facilities or uses in making assessments of and curing  
30 deficiencies pursuant to subsection A, paragraph 1 of this section and in  
31 certifying plans for new school facilities pursuant to subsection A,  
32 paragraph 5 of this section.

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

35          H. The board shall not distribute monies to a school district for  
36 replacement or repair of facilities if the costs associated with the  
37 replacement or repair are covered by insurance or a performance or payment  
38 bond.

39          I. The board may contract for construction services and materials  
40 that are necessary to correct existing deficiencies in school district  
41 facilities. The board may procure the construction services necessary  
42 pursuant to this subsection by any method, including  
43 construction-manager-at-risk, design-build, design-bid-build or  
44 job-order-contracting as provided by title 41, chapter 23. The

1 construction planning and services performed pursuant to this subsection  
2 are exempt from section 41-791.01.

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

7 K. Each school district shall develop routine preventative  
8 maintenance guidelines for its facilities. The guidelines shall include  
9 plumbing systems, electrical systems, heating, ventilation and air  
10 conditioning systems, special equipment and other systems and for roofing  
11 systems shall recommend visual inspections performed by district staff for  
12 signs of structural stress and weakness. The guidelines shall be  
13 submitted to the school facilities board for review and approval. If on  
14 inspection by the school facilities board it is determined that a school  
15 district facility was inadequately maintained pursuant to the school  
16 district's routine preventative maintenance guidelines, the school  
17 district shall return the building to compliance with the school  
18 district's routine preventative maintenance guidelines.

19 L. The school facilities board may temporarily transfer monies  
20 between the capital reserve fund established by section 15-2003, the  
21 emergency deficiencies correction fund established by section 15-2022 and  
22 the new school facilities fund established by section 15-2041 if all of  
23 the following conditions are met:

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

26 2. The transferred monies are restored to the fund where the monies  
27 originated as soon as practicable after the temporary shortfall in the  
28 other fund has been addressed.

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

31 M. After notifying each school district, and if a written objection  
32 from the school district is not received by the school facilities board  
33 within thirty days of the notification, the school facilities board may  
34 access public utility company records of power, water, natural gas,  
35 telephone and broadband usage to assemble consistent and accurate data on  
36 utility consumption at school facilities to determine the effectiveness of  
37 facility design, operation and maintenance measures intended to reduce  
38 energy and water consumption and costs. Any public utility that provides  
39 service to a school district in this state shall provide the data  
40 requested by the school facilities board pursuant to this subsection.

41 N. The school facilities board shall not require a common school  
42 district that provides instruction to pupils in grade nine to obtain  
43 approval from the school facilities board to reconfigure its school  
44 facilities. A common school district that provides instruction to pupils

1 in grade nine is not entitled to additional monies from the school  
2 facilities board for facilities to educate pupils in grade nine.

3 Sec. 7. Section 15-2011, Arizona Revised Statutes, is amended to  
4 read:

5 15-2011. Minimum school facility adequacy requirements;  
6 definition

7 A. The school facilities board, as determined and prescribed in  
8 this chapter, shall provide funding to school districts for new  
9 construction as the number of pupils in the district fills the existing  
10 school facilities and requires more pupil space.

11 B. School buildings in a school district are adequate if all of the  
12 following requirements are met:

13 1. The buildings contain sufficient and appropriate space and  
14 equipment that comply with the minimum school facility adequacy guidelines  
15 established pursuant to subsection F of this section. The state shall not  
16 fund facilities for elective courses that require the school district  
17 facilities to exceed minimum school facility adequacy requirements. The  
18 school facilities board shall determine whether a school building meets  
19 the requirements of this paragraph by analyzing the total square footage  
20 that is available for each pupil in conjunction with the need for  
21 specialized spaces and equipment.

22 2. The buildings are in compliance with federal, state and local  
23 building and fire codes and laws that are applicable to the particular  
24 building, except that a school with an aggregate area of less than five  
25 thousand square feet is subject to permitting and inspection by a local  
26 fire marshal and is only subject to regulation or inspection by the state  
27 fire marshal if the county, city or town in which the school is located  
28 does not employ a local fire marshal. An existing school building is not  
29 required to comply with current requirements for new buildings unless this  
30 compliance is specifically mandated by law or by the building or fire code  
31 of the jurisdiction where the building is located.

32 3. The building systems, including roofs, plumbing, telephone  
33 systems, electrical systems, heating systems and cooling systems, are in  
34 working order and are capable of being properly maintained.

35 4. The buildings are structurally sound.

36 C. The standards that shall be used by the school facilities board  
37 to determine whether a school building meets the minimum adequate gross  
38 square footage requirements are as follows:

39 1. For a school district that provides instruction to pupils in  
40 programs for preschool children with disabilities, kindergarten programs  
41 and grades one through six, eighty square feet per pupil in programs for  
42 preschool children with disabilities, kindergarten programs and grades one  
43 through six.

1           2. For a school district that provides instruction to up to eight  
2 hundred pupils in grades seven and eight, eighty-four square feet per  
3 pupil in grades seven and eight.

4           3. For a school district that provides instruction to more than  
5 eight hundred pupils in grades seven and eight, eighty square feet per  
6 pupil in grades seven and eight or sixty-seven thousand two hundred square  
7 feet, whichever is more.

8           4. For a school district that provides instruction to up to four  
9 hundred pupils in grades nine through twelve, one hundred twenty-five  
10 square feet per pupil in grades nine through twelve.

11           5. For a school district that provides instruction to more than  
12 four hundred and up to one thousand pupils in grades nine through twelve,  
13 one hundred twenty square feet per pupil in grades nine through twelve or  
14 fifty thousand square feet, whichever is more.

15           6. For a school district that provides instruction to more than one  
16 thousand and up to one thousand eight hundred pupils in grades nine  
17 through twelve, one hundred twelve square feet per pupil in grades nine  
18 through twelve or one hundred twenty thousand square feet, whichever is  
19 more.

20           7. For a school district that provides instruction to more than one  
21 thousand eight hundred pupils in grades nine through twelve, ninety-four  
22 square feet per pupil in grades nine through twelve or two hundred one  
23 thousand six hundred square feet, whichever is more.

24           D. The school facilities board may modify the square footage  
25 requirements prescribed in subsection C of this section or modify the  
26 amount of monies awarded to cure the square footage deficiency pursuant to  
27 this section for particular school districts based on extraordinary  
28 circumstances for any of the following considerations:

29           1. The number of pupils served by the school district.

30           2. Geographic factors.

31           3. Grade configurations other than those prescribed in subsection C  
32 of this section.

33           E. In measuring the square footage per pupil requirements of  
34 subsection C of this section, the school facilities board shall:

35           1. Use the most recent ~~one hundredth~~ FORTIETH day average daily  
36 membership.

37           2. For each school, use the lesser of either:

38           (a) Total gross square footage.

39           (b) Student capacity multiplied by the appropriate square footage  
40 per pupil prescribed by subsection C of this section.

41           3. Consider the total space available in all schools in use in the  
42 school district, except that the school facilities board shall allow an  
43 exclusion of the square footage for certain schools and the pupils within  
44 the schools' boundaries if the school district demonstrates to the board's



1 satisfaction unusual or excessive busing of pupils or unusual attendance  
2 boundary changes between schools.

3 4. Compute the gross square footage of all buildings by measuring  
4 from exterior wall to exterior wall. Square footage used solely for  
5 district administration, storage of vehicles and other nonacademic  
6 purposes shall be excluded from the net square footage.

7 5. Include all portable and modular buildings.

8 6. Include in the net square footage new construction funded wholly  
9 or partially by the school facilities board based on the square footage  
10 funded by the school facilities board. If the new construction is to  
11 exceed the square footage funded by the school facilities board, the  
12 excess square footage shall not be included in the net square footage if  
13 any of the following applies:

14 (a) The excess square footage was constructed before July 1, 2002  
15 or funded by a class B bond, impact aid revenue bond or capital outlay  
16 override approved by the voters after August 1, 1998 and before June 30,  
17 2002 or funded from unrestricted capital outlay expended before June 30,  
18 2002.

19 (b) The excess square footage of new school facilities does not  
20 exceed twenty-five percent of the minimum square footage requirements  
21 pursuant to subsection C of this section.

22 (c) The excess square footage of expansions to school facilities  
23 does not exceed twenty-five percent of the minimum square footage  
24 requirements pursuant to subsection C of this section.

25 7. Exclude square footage built under a developer agreement  
26 according to section 15-342, paragraph 33 until the school facilities  
27 board provides funding for the square footage under section 15-2041,  
28 subsection 0.

29 8. Include square footage that a school district has leased to  
30 another entity.

31 F. The school facilities board shall adopt rules establishing  
32 minimum school facility adequacy guidelines. The guidelines shall provide  
33 the minimum quality and quantity of school buildings and facilities and  
34 equipment necessary and appropriate to enable pupils to achieve the  
35 academic standards pursuant to section 15-203, subsection A, paragraphs 12  
36 and 13 and sections 15-701 and 15-701.01. At a minimum, the school  
37 facilities board shall address all of the following in developing these  
38 guidelines:

39 1. School sites.

40 2. Classrooms.

41 3. Libraries and media centers, or both.

42 4. Cafeterias.

43 5. Auditoriums, multipurpose rooms or other multiuse space.

44 6. Technology.

1           7. Transportation.

2           8. Facilities for science, arts and physical education.

3           9. Other facilities and equipment that are necessary and  
4 appropriate to achieve the academic standards prescribed pursuant to  
5 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and  
6 15-701.01.

7           10. Appropriate combinations of facilities or uses listed in this  
8 section.

9           G. The board shall consider the facilities and equipment of the  
10 schools with the highest academic productivity scores, as prescribed in  
11 section 15-2002, subsection A, paragraph 9, subdivision (d), and the  
12 highest parent quality ratings in the establishment of the guidelines.

13           H. The school facilities board may consider appropriate  
14 combinations of facilities or uses in making assessments of and curing  
15 existing deficiencies pursuant to section 15-2002, subsection A, paragraph  
16 1 and in certifying plans for new school facilities pursuant to section  
17 15-2002, subsection A, paragraph 5.

18           I. For the purposes of this section, "student capacity" means the  
19 capacity adjusted to include any additions to or deletions of space,  
20 including modular or portable buildings at the school. The school  
21 facilities board shall determine the student capacity for each school in  
22 conjunction with each school district, recognizing each school's  
23 allocation of space as of July 1, 1998, to achieve the academic standards  
24 prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13  
25 and sections 15-701 and 15-701.01.

26           Sec. 8. Section 15-2041, Arizona Revised Statutes, is amended to  
27 read:

28           15-2041. New school facilities fund; capital plan; report

29           A. ~~THE~~ new school facilities fund is established consisting of  
30 monies appropriated by the legislature and monies credited to the fund  
31 pursuant to section 37-221. The school facilities board shall administer  
32 the fund and distribute monies, as a continuing appropriation, to school  
33 districts for the purpose of constructing new school facilities and for  
34 contracted expenses pursuant to section 15-2002, subsection B, paragraphs  
35 2, 3 and 4. On June 30 of each fiscal year, any unobligated contract  
36 monies in the new school facilities fund shall be transferred to the  
37 capital reserve fund established by section 15-2003.

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

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

1           2. A description of new schools or additions to existing schools  
2 needed to meet the building adequacy standards prescribed in section  
3 15-2011. The description shall include:

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

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

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

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

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

13          5. If a school district pays tuition for all or a portion of the  
14 school district's high school pupils to another school district, the  
15 capital plan shall indicate the number of pupils for which the district  
16 pays tuition to another district. If a school district accepts pupils  
17 from another school district pursuant to section 15-824, subsection A, the  
18 school district shall indicate the projections for this population  
19 separately. This paragraph does not apply to a small isolated school  
20 district as defined in section 15-901.

21          C. If the capital plan indicates a need for a new school or an  
22 addition to an existing school within the next four years or a need for  
23 land within the next ten years, the school district shall submit its plan  
24 to the school facilities board by ~~September~~ JULY 1 and shall request  
25 monies from the new school facilities fund for the new construction or  
26 land. The school facilities board may require a school district to sell  
27 land that was previously purchased entirely with monies provided by the  
28 school facilities board if the school facilities board determines that the  
29 property is no longer needed within the ten-year period specified in this  
30 subsection for a new school or no longer needed within that ten-year  
31 period for an addition to an existing school. Monies provided for land  
32 shall be in addition to any monies provided pursuant to subsection D of  
33 this section.

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

36          1. The school facilities board shall review and evaluate the  
37 enrollment projections. On or before ~~March~~ DECEMBER 1, following the  
38 submission of the enrollment projections, the school facilities board  
39 shall either approve the projections as submitted or revise the  
40 projections. In approving or revising the enrollment projections, the  
41 school facilities board shall use the most recent FORTIETH DAY average  
42 daily membership data available DURING THE CURRENT SCHOOL YEAR. On  
43 request from the school facilities board, the department of education  
44 shall make available the most recent average daily membership data for use

1 in revising the enrollment projections. In determining new construction  
2 requirements, the school facilities board shall determine the net new  
3 growth of pupils that will require additional square footage that exceeds  
4 the building adequacy standards prescribed in section 15-2011. If the  
5 projected growth and the existing number of pupils exceed three hundred  
6 fifty pupils who are served in a school district other than the pupil's  
7 resident school district, the school facilities board, the receiving  
8 school district and the resident school district shall develop a capital  
9 facilities plan on how to best serve those pupils. A small isolated  
10 school district as defined in section 15-901 is not required to develop a  
11 capital facilities plan pursuant to this paragraph.

12 2. If the ~~approved projections indicate~~ MOST RECENT FORTIETH DAY  
13 AVERAGE DAILY MEMBERSHIP DURING THE CURRENT SCHOOL YEAR INDICATES that  
14 additional space would not have been needed during the current school year  
15 in order to meet the building adequacy standards prescribed in section  
16 15-2011, the request shall be held for consideration by the school  
17 facilities board for possible future funding and the school district shall  
18 annually submit an updated plan until the additional space is needed.

19 3. If the ~~approved projections indicate~~ MOST RECENT FORTIETH DAY  
20 AVERAGE DAILY MEMBERSHIP DURING THE CURRENT SCHOOL YEAR INDICATES that  
21 additional space would have been needed during the current school year in  
22 order to meet the building adequacy standards prescribed in section  
23 15-2011, the school facilities board shall provide an amount as follows:

24 (a) Determine the number of pupils requiring additional square  
25 footage to meet building adequacy standards. This amount for elementary  
26 schools shall not be less than the number of new pupils for whom space  
27 will be needed in the next year and shall not exceed the number of new  
28 pupils for whom space will be needed in the next five years. This amount  
29 for middle and high schools shall not be less than the number of new  
30 pupils for whom space will be needed in the next four years and shall not  
31 exceed the number of new pupils for whom space will be needed in the next  
32 eight years.

33 (b) Multiply the number of pupils determined in subdivision (a) of  
34 this paragraph by the square footage per pupil. The square footage per  
35 pupil is ninety square feet per pupil for preschool children with  
36 disabilities, kindergarten programs and grades one through six, one  
37 hundred square feet for grades seven and eight, one hundred thirty-four  
38 square feet for a school district that provides instruction in grades nine  
39 through twelve for fewer than one thousand eight hundred pupils and one  
40 hundred twenty-five square feet for a school district that provides  
41 instruction in grades nine through twelve for at least one thousand eight  
42 hundred pupils. The total number of pupils in grades nine through twelve  
43 in the district shall determine the square footage factor to use for net  
44 new pupils. The school facilities board may modify the square footage

1 requirements prescribed in this subdivision for particular schools based  
2 on any of the following factors:

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

5 (ii) Geographic factors.

6 (iii) Grade configurations other than those prescribed in this  
7 subdivision.

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

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

25 (d) Once the school district governing board obtains approval from  
26 the school facilities board for new facility construction monies,  
27 additional portable or modular square footage created for the express  
28 purpose of providing temporary space for pupils until the completion of  
29 the new facility shall not be included by the school facilities board for  
30 the purpose of new construction funding calculations. On completion of  
31 the new facility construction project, if the portable or modular  
32 facilities continue in use, the portable or modular facilities shall be  
33 included as prescribed by this chapter, unless the school facilities board  
34 approves their continued use for the purpose of providing temporary space  
35 for pupils until the completion of the next new facility that has been  
36 approved for funding from the new school facilities fund.

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

43 5. If a joint technical education district leases a building from a  
44 school district, that building shall be included in the school district's

1 square footage calculation for the purposes of new construction pursuant  
2 to this section.

3 6. If a school district leases a building to another entity, that  
4 building shall be included in the school district's square footage  
5 calculation for purposes of new construction pursuant to this section.

6 7. A school district shall qualify for monies from the new school  
7 facilities fund in a fiscal year only if the school facilities board has  
8 approved or revised its enrollment projection under paragraph 3 of this  
9 subsection on or before March 1 of the prior fiscal year.

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

27 F. The school facilities board shall distribute the monies needed  
28 for land for new schools so that land may be purchased at a price that is  
29 less than or equal to fair market value and in advance of the construction  
30 of the new school. If necessary, the school facilities board may  
31 distribute monies for land to be leased for new schools if the duration of  
32 the lease exceeds the life expectancy of the school facility by at least  
33 fifty percent. A school district shall not use land purchased or  
34 partially purchased with monies provided by the school facilities board  
35 for a purpose other than a site for a school facility without obtaining  
36 prior written approval from the school facilities board. A school  
37 district shall not lease, sell or take any action that would diminish the  
38 value of land purchased or partially purchased with monies provided by the  
39 school facilities board without obtaining prior written approval from the  
40 school facilities board. The proceeds derived through the sale of any  
41 land purchased or partially purchased, or the sale of buildings funded or  
42 partially funded, with monies provided by the school facilities board  
43 shall be returned to the state fund from which it was appropriated and to  
44 any other participating entity on a proportional basis. Except as

1 provided in section 15-342, paragraph 33, if a school district acquires  
2 real property by donation at an appropriate school site approved by the  
3 school facilities board, the school facilities board shall distribute an  
4 amount equal to twenty percent of the fair market value of the donated  
5 real property that can be used for academic purposes. The school district  
6 shall place the monies in the unrestricted capital outlay fund and  
7 increase the unrestricted capital budget limit by the amount of monies  
8 placed in the fund. Monies distributed under this subsection shall be  
9 distributed from the new school facilities fund. A school district that  
10 receives monies from the new school facilities fund for a donation of land  
11 pursuant to section 15-342, paragraph 33 shall not receive monies from the  
12 school facilities board for the donation of real property pursuant to this  
13 subsection. A school district shall not pay a consultant a percentage of  
14 the value of any of the following:

15 1. Donations of real property, services or cash from any of the  
16 following:

17 (a) Entities that have offered to provide construction services to  
18 the school district.

19 (b) Entities that have been contracted to provide construction  
20 services to the school district.

21 (c) Entities that build residential units in that school district.

22 (d) Entities that develop land for residential use in that school  
23 district.

24 2. Monies received from the school facilities board on behalf of  
25 the school district.

26 3. Monies paid by the school facilities board on behalf of the  
27 school district.

28 G. In addition to distributions to school districts based on pupil  
29 growth projections, a school district may submit an application to the  
30 school facilities board for monies from the new school facilities fund if  
31 one or more school buildings have outlived their useful life. If the  
32 school facilities board determines that the school district needs to build  
33 a new school building for these reasons, the school facilities board shall  
34 remove the square footage computations that represent the building from  
35 the computation of the school district's total square footage for purposes  
36 of this section. If the square footage recomputation reflects that the  
37 school district no longer meets building adequacy standards, the school  
38 district qualifies for a distribution of monies from the new school  
39 construction formula in an amount determined pursuant to subsection D of  
40 this section. The school facilities board may only modify the base cost  
41 per square foot prescribed in this subsection under extraordinary  
42 circumstances for geographic factors or site conditions.

43 H. School districts that receive monies from the new school  
44 facilities fund shall establish a district new school facilities fund and

1 shall use the monies in the district new school facilities fund only for  
2 the purposes prescribed in this section. By October 15 of each year, each  
3 school district shall report to the school facilities board the projects  
4 funded at each school in the previous fiscal year with monies from the  
5 district new school facilities fund and shall provide an accounting of the  
6 monies remaining in the new school facilities fund at the end of the  
7 previous fiscal year.

8 I. If a school district has surplus monies received from the new  
9 school facilities fund, the school district may use the surplus monies  
10 only for capital purposes for the project for up to one year after  
11 completion of the project. If the school district possesses surplus  
12 monies from the new school construction project that have not been  
13 expended within one year of the completion of the project, the school  
14 district shall return the surplus monies to the school facilities board  
15 for deposit in the new school facilities fund.

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

30 K. If a school district uses its own project manager for new school  
31 construction, the members of the school district governing board and the  
32 project manager shall sign an affidavit stating that the members and the  
33 project manager understand and will follow the minimum adequacy  
34 requirements prescribed in section 15-2011.

35 L. The school facilities board shall establish a separate account  
36 in the new school facilities fund designated as the litigation account to  
37 pay attorney fees, expert witness fees and other costs associated with  
38 litigation in which the school facilities board pursues the recovery of  
39 damages for deficiencies correction that resulted from alleged  
40 construction defects or design defects that the school facilities board  
41 believes caused or contributed to a failure of the school building to  
42 conform to the building adequacy requirements prescribed in section  
43 15-2011. Attorney fees paid pursuant to this subsection shall not exceed  
44 the market rate for similar types of litigation. On or before December 1



1 of each year, the school facilities board shall report to the joint  
2 committee on capital review the costs associated with current and  
3 potential litigation that may be paid from the litigation account.

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

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

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

40 P. Accommodation schools are not eligible for monies from the new  
41 school facilities fund.

1           Sec. 9. Pilot program on school emergency readiness; report;  
2                                   delayed repeal

3           A. The \$3,646,500 state general fund appropriation to the  
4 department of education for the school safety program for fiscal year  
5 2017-2018 in the general appropriations act includes \$100,000 for a pilot  
6 program on school emergency readiness.

7           B. On or before September 30, 2017, school districts that wish to  
8 participate in the pilot program shall submit applications to the  
9 department of education.

10          C. On or before November 30, 2017, the department of education  
11 shall select three school districts to participate in the pilot program.  
12 The selected school districts shall collectively consist of not more than  
13 thirty-one individual school sites and shall include:

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

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

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

24          D. School districts that are selected to participate in the pilot  
25 program shall be provided and use a readiness and emergency management  
26 program that incorporates the following:

27           1. Education-specific emergency management software. All plans and  
28 critical emergency readiness information, including contacts, floor plans  
29 and critical equipment photos and locations, shall be accessible online  
30 and off-line via mobile device applications. The software used in the  
31 pilot program shall comply with the national emergency management  
32 information system adopted by the federal emergency management agency.

33           2. The training of teachers and administrators in the readiness and  
34 emergency management program.

35           3. The development, implementation and maintenance of a  
36 comprehensive crisis plan for participating school districts and the  
37 districts' teachers and administrators.

38          E. On or before November 1, 2018, the department of education shall  
39 submit to the governor, the president of the senate and the speaker of the  
40 house of representatives a report that summarizes the results of the pilot  
41 program. The department of education shall provide a copy of the report  
42 to the secretary of state.

43          F. This section is repealed from and after December 31, 2018.

1           Sec. 10. District additional assistance for school districts;  
2                                   reduction for fiscal year 2017-2018; classroom  
3                                   spending

4           A. For fiscal year 2017-2018, the department of education shall  
5 reduce by \$352,442,700 the amount of basic state aid that otherwise would  
6 be apportioned to school districts statewide for fiscal year 2017-2018 for  
7 district additional assistance prescribed in section 15-961, Arizona  
8 Revised Statutes, and shall reduce school district budget limits  
9 accordingly.

10          B. For fiscal year 2017-2018, the department of education shall  
11 reduce district additional assistance for a school district that is not  
12 eligible to receive basic state aid funding for fiscal year 2017-2018 by  
13 the amount that the school district's district additional assistance would  
14 be reduced pursuant to subsection A of this section if the school district  
15 were eligible to receive basic state aid funding for fiscal year 2017-2018  
16 and shall reduce the school district's budget limits accordingly.

17          C. It is the intent of the governor and the legislature that school  
18 districts increase the total percentage of classroom spending over the  
19 previous year's percentages in the combined categories of instruction,  
20 student support and instructional support as prescribed by the auditor  
21 general.

22           Sec. 11. Additional assistance funding for charter schools;  
23                                   reduction for fiscal year 2017-2018

24           The department of education shall reduce by \$18,656,000 the amount  
25 of charter additional assistance funding that otherwise would be  
26 apportioned to charter schools statewide for fiscal year 2017-2018  
27 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised  
28 Statutes, as amended by this act. The funding reduction required under  
29 this section shall be made on a proportional basis based on the charter  
30 additional assistance funding that each charter school in this state would  
31 have received for fiscal year 2017-2018 without the prescribed reduction.

32           Sec. 12. K-12 formula reductions; small districts; maximum

33           Notwithstanding any other law, the sum of district additional  
34 assistance reductions in fiscal year 2017-2018 for school districts with a  
35 student count of fewer than 1,100 pupils may not exceed \$5,000,000.

36           Sec. 13. Joint technical education district equalization  
37                                   funding; fiscal year 2017-2018

38           Notwithstanding section 15-393, Arizona Revised Statutes, or any  
39 other law, the department of education shall fund state aid for a joint  
40 technical education district with a student count of more than two  
41 thousand students for fiscal year 2017-2018 at ninety-five and one-half  
42 percent of the amount that otherwise would be provided by law and shall  
43 reduce the district's budget limits accordingly. The state aid reduction  
44 required for a joint technical education district under this section shall

1 be computed as if the base support level portion of the district's  
2 equalization formula funding for fiscal year 2017-2018 were based on the  
3 district's prior-year rather than current-year average daily membership.

4 Sec. 14. Schools facilities board; building renewal grants;  
5 consultant services; lead in school water systems  
6 program

7 Notwithstanding section 15-2032, Arizona Revised Statutes, the  
8 school facilities board may use up to \$200,000 from the building renewal  
9 grant fund established by section 15-2032, Arizona Revised Statutes, for  
10 consultant services for programs associated with lead in school water  
11 systems in fiscal year 2017-2018.

12 Sec. 15. Liabilities in excess; exception; fiscal year  
13 2017-2018

14 A. Notwithstanding section 15-907, Arizona Revised Statutes, a  
15 school district in a county that has a population of less than ten  
16 thousand persons according to the 2010 United States decennial census and  
17 that had more than three hundred but less than four hundred total  
18 attending average daily membership pupils in fiscal year 2015-2016  
19 according to the annual report of the superintendent of public instruction  
20 for fiscal year 2015-2016 may incur liabilities in excess of the school  
21 district budget of up to seven hundred thousand dollars in fiscal year  
22 2017-2018 without first applying to the school facilities board for  
23 funding from the emergency deficiencies correction fund pursuant to  
24 section 15-2022, Arizona Revised Statutes, without first petitioning the  
25 county school superintendent or county board of supervisors and without  
26 need of approval from the county board of supervisors.

27 B. Funding authorized pursuant to subsection A of this section  
28 shall be used only for critical infrastructure repairs and for the  
29 purchase or repair of pupil transportation vehicles.

30 Sec. 16. General budget limit increase; minimum qualifying  
31 tax rate district; fiscal year 2017-2018

32 The general budget limit for a school district that in fiscal year  
33 2016-2017 was subject to the additional tax in districts ineligible for  
34 equalization assistance pursuant to section 15-992, Arizona Revised  
35 Statutes, and that in fiscal year 2015-2016 had a total attending average  
36 daily membership count of at least five thousand pupils according to the  
37 annual report of the superintendent of public instruction for fiscal year  
38 2015-2016 shall be increased by \$1,500,000 in fiscal year 2017-2018 above  
39 the amounts that otherwise would be computed pursuant to section 15-947,  
40 Arizona Revised Statutes.

1           Sec. 17. Pilot program for nationally recognized  
2                           college-readiness examinations; reporting  
3                           requirements; delayed repeal

4           A. The commission for postsecondary education shall establish a  
5 one-year pilot program for school districts and charter schools to receive  
6 grants to administer nationally recognized college-readiness examinations  
7 for the 2017-2018 school year to students in grade eleven. A nationally  
8 recognized college-readiness examination shall include tests in English,  
9 reading, mathematics and science. The commission for postsecondary  
10 education shall establish application procedures on a first-come,  
11 first-served basis for school districts and charter schools to apply for  
12 grants to pay for a nationally recognized college-readiness examination.  
13 School districts and charter schools that receive designated monies from  
14 any other source, including a nonprofit organization, for the 2017-2018  
15 school year to provide nationally recognized college-readiness  
16 examinations are not eligible to participate in the pilot program. School  
17 districts and charter schools that participate in the pilot program shall  
18 report to the commission for postsecondary education the number of  
19 students who took a college-readiness examination, the name of the  
20 college-readiness examination and the aggregate achievement of students  
21 who took the college-readiness examination. Any student achievement data  
22 reported may not violate students' personal privacy and shall be in  
23 accordance with the family educational rights and privacy act of 1974 (20  
24 United States Code section 1232g).

25           B. A school district or charter school that participates in the  
26 pilot program shall notify parents of the opportunity for students in  
27 grade eleven to take a college-readiness examination free of charge and  
28 the requirements for participating. A student is not required to take a  
29 college-readiness examination.

30           C. The commission for postsecondary education shall submit a report  
31 on or before November 30, 2018 to the governor, the president of the  
32 senate and the speaker of the house of representatives that summarizes the  
33 results of the pilot program, including the number and amounts of grants  
34 distributed to school districts and charter schools, the number of  
35 students who took a college-readiness examination, the name of the  
36 college-readiness examination and the aggregate achievement of students  
37 who took the college-readiness examination. Any student achievement data  
38 reported may not violate students' personal privacy and shall be in  
39 accordance with the family educational rights and privacy act of 1974 (20  
40 United States Code section 1232g). The commission shall provide a copy of  
41 this report to the secretary of state.

42           D. This section is repealed from and after December 31, 2018.

1           Sec. 18. Appropriation; commission for postsecondary  
2                                   education; college-readiness examinations pilot  
3                                   program; fiscal year 2017-2018

4           In addition to any other appropriations made to the commission for  
5 postsecondary education for fiscal year 2017-2018, the sum of \$235,000 is  
6 appropriated from the state general fund in fiscal year 2017-2018 to the  
7 commission for postsecondary education for the pilot program for  
8 nationally recognized college-readiness examination.

9           Sec. 19. Retroactivity

10           Section 15-2041, subsection C, Arizona Revised Statutes, as amended  
11 by this act, applies retroactively to from and after June 30, 2017.

APPROVED BY THE GOVERNOR MAY 12, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2017.