

State of Arizona  
House of Representatives  
Fifty-third Legislature  
Second Regular Session  
2018

**CHAPTER 285**  
**HOUSE BILL 2663**

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-189.05; AMENDING SECTION 15-213, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-213.04; AMENDING SECTION 15-249.06, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-249.12 AND 15-249.13; AMENDING SECTIONS 15-341, 15-901, 15-903, 15-945, 15-2001 AND 15-2002, ARIZONA REVISED STATUTES; AMENDING SECTION 15-2011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 258, SECTION 11 AND CHAPTER 304, SECTION 7; REPEALING SECTION 15-2011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 258, SECTION 11 AND CHAPTER 320, SECTION 5; AMENDING SECTIONS 15-2032, 15-2041 AND 41-1279.03, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3018.19, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3022.18; 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 15-183, Arizona Revised Statutes, is amended to  
3 read:

4 15-183. Charter schools; application; requirements; immunity;  
5 exemptions; renewal of application; reprisal; fee;  
6 funds; annual reports

7 A. An applicant seeking to establish a charter school shall submit  
8 a written application to a proposed sponsor as prescribed in subsection C  
9 of this section. The application, application process and application  
10 time frames shall be posted on the sponsor's website and shall include the  
11 following, as specified in the application adopted by the sponsor:

- 12 1. A detailed educational plan.
- 13 2. A detailed business plan.
- 14 3. A detailed operational plan.
- 15 4. Any other materials required by the sponsor.

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

19 C. The sponsor of a charter school may be either the state board of  
20 education, the state board for charter schools, a university under the  
21 jurisdiction of the Arizona board of regents, a community college district  
22 or a group of community college districts, subject to the following  
23 requirements:

24 1. An applicant may not submit an application for sponsorship to  
25 any person or entity other than those prescribed in this subsection.

26 2. The applicant may submit the application to the state board of  
27 education or the state board for charter schools. Notwithstanding any  
28 other law, neither the state board for charter schools nor the state board  
29 of education shall grant a charter to a school district governing board  
30 for a new charter school or for the conversion of an existing district  
31 public school to a charter school. The state board of education or the  
32 state board for charter schools may approve the application if the  
33 application meets the requirements of this article and may approve the  
34 charter if the proposed sponsor determines, within its sole discretion,  
35 that the applicant is sufficiently qualified to operate a charter school  
36 and that the applicant is applying to operate as a separate charter holder  
37 by considering factors such as whether:

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

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

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

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

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

3 (f) It is reconstituting an existing grade configuration from a  
4 prior charter holder with at least one grade remaining on the original  
5 site with the other grade or grades moving to a new site. The state board  
6 of education or the state board for charter schools may approve any  
7 charter schools transferring charters. If the state board of education or  
8 the state board for charter schools rejects the preliminary application,  
9 the state board of education or the state board for charter schools shall  
10 notify the applicant in writing of the reasons for the rejection and of  
11 suggestions for improving the application. An applicant may submit a  
12 revised application for reconsideration by the state board of education or  
13 the state board for charter schools. The applicant may request, and the  
14 state board of education or the state board for charter schools may  
15 provide, technical assistance to improve the application.

16 3. The applicant may submit the application to a university under  
17 the jurisdiction of the Arizona board of regents, a community college  
18 district or a group of community college districts. A university, a  
19 community college district or a group of community college districts shall  
20 not grant a charter to a school district governing board for a new charter  
21 school or for the conversion of an existing district public school to a  
22 charter school. A university, a community college district or a group of  
23 community college districts may approve the application if it meets the  
24 requirements of this article and if the proposed sponsor determines, in  
25 its sole discretion, that the applicant is sufficiently qualified to  
26 operate a charter school.

27 4. Each applicant seeking to establish a charter school shall  
28 submit a full set of fingerprints to the approving agency for the purpose  
29 of obtaining a state and federal criminal records check pursuant to  
30 section 41-1750 and Public Law 92-544. If an applicant will have direct  
31 contact with students, the applicant shall possess a valid fingerprint  
32 clearance card that is issued pursuant to title 41, chapter 12, article  
33 3.1. The department of public safety may exchange this fingerprint data  
34 with the federal bureau of investigation. The criminal records check  
35 shall be completed before the issuance of a charter.

36 5. All persons engaged in instructional work directly as a  
37 classroom, laboratory or other teacher or indirectly as a supervisory  
38 teacher, speech therapist or principal shall have a valid fingerprint  
39 clearance card that is issued pursuant to title 41, chapter 12, article  
40 3.1, unless the person is a volunteer or guest speaker who is accompanied  
41 in the classroom by a person with a valid fingerprint clearance card. A  
42 charter school shall not employ a teacher whose certificate has been  
43 surrendered or revoked, unless the teacher's certificate has been  
44 subsequently reinstated by the state board of education. All other  
45 personnel shall be fingerprint checked pursuant to section 15-512, or the

1 charter school may require those personnel to obtain a fingerprint  
2 clearance card issued pursuant to title 41, chapter 12, article 3.1.  
3 Before employment, the charter school shall make documented, good faith  
4 efforts to contact previous employers of a person to obtain information  
5 and recommendations that may be relevant to a person's fitness for  
6 employment as prescribed in section 15-512, subsection F. The charter  
7 school shall notify the department of public safety if the charter school  
8 or sponsor receives credible evidence that a person who possesses a valid  
9 fingerprint clearance card is arrested for or is charged with an offense  
10 listed in section 41-1758.03, subsection B. A person who is employed at a  
11 charter school that has met the requirements of this paragraph is not  
12 required to meet any additional requirements that are established by the  
13 department of education or that may be established by rule by the state  
14 board of education. The state board of education may not adopt rules that  
15 exceed the requirements for persons qualified to teach in charter schools  
16 prescribed in title I of the every student succeeds act (P.L. 114-95) or  
17 the individuals with disabilities education improvement act of 2004  
18 (P.L. 108-446). Charter schools may hire personnel who have not yet  
19 received a fingerprint clearance card if proof is provided of the  
20 submission of an application to the department of public safety for a  
21 fingerprint clearance card and if the charter school that is seeking to  
22 hire the applicant does all of the following:

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

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

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

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

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

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

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

44 7. If a charter school operator is not already subject to a public  
45 meeting or hearing by the municipality in which the charter school is

1 located, the operator of a charter school shall conduct a public meeting  
2 at least thirty days before the charter school operator opens a site or  
3 sites for the charter school. The charter school operator shall post  
4 notices of the public meeting in at least three different locations that  
5 are within three hundred feet of the proposed charter school site.

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

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

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

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

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

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

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

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

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

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

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

44 4. Ensure that it designs a method to measure pupil progress toward  
45 the pupil outcomes adopted by the state board of education pursuant to

1 section 15-741.01, including participation in the statewide assessment and  
2 the nationally standardized norm-referenced achievement test as designated  
3 by the state board and the completion and distribution of an annual report  
4 card as prescribed in chapter 7, article 3 of this title.

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

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

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

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

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

38 F. A charter school shall keep in the personnel file of all current  
39 employees who provide instruction to pupils at the charter school  
40 information about the employee's educational and teaching background and  
41 experience in a particular academic content subject area. A charter  
42 school shall inform parents and guardians of the availability of the  
43 information and shall make the information available for inspection on  
44 request of parents and guardians of pupils enrolled at the charter school.  
45 This subsection does not require any charter school to release personally

1 identifiable information in relation to any teacher or employee, including  
2 the teacher's or employee's address, salary, social security number or  
3 telephone number.

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

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

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

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

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

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

27 (c) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE  
28 PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

29 ~~(c)~~ (d) Complete the obligations of the contract.

30 ~~(d)~~ (e) Comply with this article or any provision of law from  
31 which the charter school is not exempt.

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

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

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

3 (c) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE  
4 PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

5 ~~(c)~~ (d) Complete the obligations of the contract.

6 ~~(d)~~ (e) Comply with this article or any provision of law from  
7 which the charter school is not exempt.

8 3. A sponsor shall review a charter at five-year intervals using a  
9 performance framework adopted by the sponsor and may revoke a charter at  
10 any time if the charter school breaches one or more provisions of its  
11 charter or if the sponsor determines that the charter holder has failed to  
12 do any of the following:

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

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

17 (c) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE  
18 PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

19 ~~(c)~~ (d) Comply with this article or any provision of law from  
20 which the charter school is not exempt.

21 4. In determining whether to renew or revoke a charter holder, the  
22 sponsor must consider making sufficient progress toward the academic  
23 performance expectations set forth in the sponsor's performance framework  
24 as one of the most important factors.

25 5. At least sixty days before the effective date of the proposed  
26 revocation, the sponsor shall give written notice to the operator of the  
27 charter school of its intent to revoke the charter. Notice of the  
28 sponsor's intent to revoke the charter shall be delivered personally to  
29 the operator of the charter school or sent by certified mail, return  
30 receipt requested, to the address of the charter school. The notice shall  
31 incorporate a statement of reasons for the proposed revocation of the  
32 charter. The sponsor shall allow the charter school at least sixty days  
33 to correct the problems associated with the reasons for the proposed  
34 revocation of the charter. The final determination of whether to revoke  
35 the charter shall be made at a public hearing called for such purpose.

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

38 K. A charter school that is sponsored by the state board of  
39 education, the state board for charter schools, a university, a community  
40 college district or a group of community college districts may not be  
41 located on the property of a school district unless the district governing  
42 board grants this authority.

43 L. A governing board or a school district employee who has control  
44 over personnel actions shall not take unlawful reprisal against another  
45 employee of the school district because the employee is directly or

1 indirectly involved in an application to establish a charter school. A  
2 governing board or a school district employee shall not take unlawful  
3 reprisal against an educational program of the school or the school  
4 district because an application to establish a charter school proposes the  
5 conversion of all or a portion of the educational program to a charter  
6 school. For the purposes of this subsection, "unlawful reprisal" means an  
7 action that is taken by a governing board or a school district employee as  
8 a direct result of a lawful application to establish a charter school and  
9 that is adverse to another employee or an education program and:

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

- 12 (a) Disciplinary or corrective action.
- 13 (b) Detail, transfer or reassignment.
- 14 (c) Suspension, demotion or dismissal.
- 15 (d) An unfavorable performance evaluation.
- 16 (e) A reduction in pay, benefits or awards.
- 17 (f) Elimination of the employee's position without a reduction in  
18 force by reason of lack of monies or work.
- 19 (g) Other significant changes in duties or responsibilities that  
20 are inconsistent with the employee's salary or employment classification.

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

- 23 (a) Suspension or termination of the program.
- 24 (b) Transfer or reassignment of the program to a less favorable  
25 department.
- 26 (c) Relocation of the program to a less favorable site within the  
27 school or school district.
- 28 (d) Significant reduction or termination of funding for the  
29 program.

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

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

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

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

4 Q. The sponsor of a charter school shall establish procedures to  
5 conduct administrative hearings on determination by the sponsor that  
6 grounds exist to revoke a charter. Procedures for administrative hearings  
7 shall be similar to procedures prescribed for adjudicative proceedings in  
8 title 41, chapter 6, article 10. Except as provided in section  
9 41-1092.08, subsection H, final decisions of the state board of education  
10 and the state board for charter schools from hearings conducted pursuant  
11 to this subsection are subject to judicial review pursuant to title 12,  
12 chapter 7, article 6.

13 R. The sponsoring entity of a charter school shall have oversight  
14 and administrative responsibility for the charter schools that it  
15 sponsors. In implementing its oversight and administrative  
16 responsibilities, the sponsor shall ground its actions in evidence of the  
17 charter holder's performance in accordance with the performance framework  
18 adopted by the sponsor. The performance framework shall be publicly  
19 available, shall be placed on the sponsoring entity's website and shall  
20 include:

21 1. The academic performance expectations of the charter school and  
22 the measurement of sufficient progress toward the academic performance  
23 expectations.

24 2. The operational expectations of the charter school, including  
25 adherence to all applicable laws and obligations of the charter contract.

26 3. THE FINANCIAL EXPECTATIONS OF THE CHARTER SCHOOL.

27 ~~3.~~ 4. Intervention and improvement policies.

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

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

32 U. Charter schools may not locate a school on property that is less  
33 than one-fourth mile from agricultural land regulated pursuant to section  
34 3-365, except that the owner of the agricultural land may agree to comply  
35 with the buffer zone requirements of section 3-365. If the owner agrees  
36 in writing to comply with the buffer zone requirements and records the  
37 agreement in the office of the county recorder as a restrictive covenant  
38 running with the title to the land, the charter school may locate a school  
39 within the affected buffer zone. The agreement may include any  
40 stipulations regarding the charter school, including conditions for future  
41 expansion of the school and changes in the operational status of the  
42 school that will result in a breach of the agreement.

43 V. A transfer of a charter to another sponsor, a transfer of a  
44 charter school site to another sponsor or a transfer of a charter school  
45 site to a different charter shall be completed before the beginning of the

1 fiscal year that the transfer is scheduled to become effective. An entity  
2 that sponsors charter schools may accept a transferring school after the  
3 beginning of the fiscal year if the transfer is approved by the  
4 superintendent of public instruction. The superintendent of public  
5 instruction shall have the discretion to consider each transfer during the  
6 fiscal year on a case-by-case basis. A charter holder seeking to transfer  
7 sponsors shall comply with the current charter terms regarding assignment  
8 of the charter. A charter holder transferring sponsors shall notify the  
9 current sponsor that the transfer has been approved by the new sponsor.

10 W. Notwithstanding subsection V of this section, a charter holder  
11 on an improvement plan must notify parents or guardians of registered  
12 students of the intent to transfer the charter and the timing of the  
13 proposed transfer. On the approved transfer, the new sponsor shall  
14 enforce the improvement plan but may modify the plan based on performance.

15 X. Notwithstanding subsection Y of this section, the state board  
16 for charter schools shall charge a processing fee to any charter school  
17 that amends its contract to participate in Arizona online instruction  
18 pursuant to section 15-808. The charter Arizona online instruction  
19 processing fund is established consisting of fees collected and  
20 administered by the state board for charter schools. The state board for  
21 charter schools shall use monies in the fund only for the processing of  
22 contract amendments for charter schools participating in Arizona online  
23 instruction. Monies in the fund are continuously appropriated.

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

30 Z. Charter schools may enter into an intergovernmental agreement  
31 with a presiding judge of the juvenile court to implement a law-related  
32 education program as defined in section 15-154. The presiding judge of  
33 the juvenile court may assign juvenile probation officers to participate  
34 in a law-related education program in any charter school in the  
35 county. The cost of juvenile probation officers who participate in the  
36 program implemented pursuant to this subsection shall be funded by the  
37 charter school.

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

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

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

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

9 EE. Pursuant to the prescribed graduation requirements adopted by  
10 the state board of education, the governing body of a charter school  
11 operating a high school may approve a rigorous computer science course  
12 that would fulfill a mathematics course required for graduation from high  
13 school. The governing body may approve a rigorous computer science course  
14 only if the rigorous computer science course includes significant  
15 mathematics content and the governing body determines the high school  
16 where the rigorous computer science course is offered has sufficient  
17 capacity, infrastructure and qualified staff, including competent teachers  
18 of computer science.

19 FF. A charter school may permit the use of school property,  
20 including school buildings, grounds, buses and equipment, by any person,  
21 group or organization for any lawful purpose, including a recreational,  
22 educational, political, economic, artistic, moral, scientific, social,  
23 religious or other civic or governmental purpose. The charter school may  
24 charge a reasonable fee for the use of the school property.

25 GG. A charter school and its employees, including the governing  
26 body, or chief administrative officer, are immune from civil liability  
27 with respect to all decisions made and actions taken to allow the use of  
28 school property, unless the charter school or its employees are guilty of  
29 gross negligence or intentional misconduct. This subsection does not  
30 limit any other immunity provisions that are prescribed by law.

31 HH. Sponsors authorized pursuant to this section shall submit an  
32 annual report to the auditor general on or before October 1. The report  
33 shall include:

34 1. The current number of charters authorized and the number of  
35 schools operated by authorized charter holders.

36 2. The academic, ~~and~~ operational AND FINANCIAL performance of the  
37 sponsor's charter portfolio as measured by the sponsor's adopted  
38 performance framework.

39 3. For the prior year, the number of new charters approved, the  
40 number of charter schools closed and the reason for the closure.

41 4. The sponsor's application, amendment, renewal and revocation  
42 processes, charter contract template and current performance framework as  
43 required by this section.

44 II. The auditor general shall prescribe the format for the annual  
45 report required by subsection HH of this section and may require that the

1 annual report be submitted electronically. The auditor general shall  
2 review the submitted annual reports to ensure that the reports include the  
3 required items in subsection HH of this section and shall make the annual  
4 reports available on request. If the auditor general finds significant  
5 noncompliance or if a sponsor fails to submit the annual report required  
6 by subsection HH of this section, on or before December 31 of each year  
7 the auditor general shall report to the governor, the president of the  
8 senate, the speaker of the house of representatives and the chairs of the  
9 senate and house education committees or their successor committees, and  
10 the legislature shall consider revoking the sponsor's authority to sponsor  
11 charter schools.

12 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to  
13 read:

14 15-185. Charter schools; financing; civil penalty;  
15 transportation; definition

16 A. A school district is not financially responsible for any charter  
17 school that is sponsored by the state board of education, the state board  
18 for charter schools, a university under the jurisdiction of the Arizona  
19 board of regents, a community college district or a group of community  
20 college districts.

21 B. Financial provisions for a charter school that is sponsored by  
22 the state board of education, the state board for charter schools, a  
23 university, a community college district or a group of community college  
24 districts are as follows:

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

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

28 (b) The small school weights prescribed in section 15-943,  
29 paragraph 1 apply if a charter holder, as defined in section 15-101, holds  
30 one charter for one or more school sites and the average daily membership  
31 for the school sites are combined for the calculation of the small school  
32 weight. The small school weight shall not be applied individually to a  
33 charter holder if one or more of the following conditions exist and the  
34 combined average daily membership derived from the following conditions is  
35 greater than six hundred:

36 (i) The organizational structure or management agreement of the  
37 charter holder requires the charter holder or charter school to contract  
38 with a specific management company.

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

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

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

44 (c) Notwithstanding subdivision (b) of this paragraph, for fiscal  
45 years 2015-2016 and 2016-2017 the department of education shall reduce by

1 thirty-three percent the amount provided by the small school weight for  
2 charter schools prescribed in subdivision (b) of this paragraph.

3 2. Notwithstanding paragraph 1 of this subsection, the student  
4 count shall be determined initially using an estimated student count based  
5 on actual registration of pupils before the beginning of the school year.  
6 Notwithstanding section 15-1042, subsection F, student level data  
7 submitted to the department may be used to determine estimated student  
8 counts. After the first forty days, one hundred days or two hundred days  
9 in session, as applicable, the charter school shall revise the student  
10 count to be equal to the actual average daily membership, as defined in  
11 section 15-901, of the charter school. Before the fortieth day, one  
12 hundredth day or two hundredth day in session, as applicable, the state  
13 board of education, the state board for charter schools, the sponsoring  
14 university, the sponsoring community college district or the sponsoring  
15 group of community college districts may require a charter school to  
16 report periodically regarding pupil enrollment and attendance, and the  
17 department of education may revise its computation of equalization  
18 assistance based on the report. A charter school shall revise its student  
19 count, base support level and charter additional assistance before May 15.  
20 A charter school that overestimated its student count shall revise its  
21 budget before May 15. A charter school that underestimated its student  
22 count may revise its budget before May 15.

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

26 4. Equalization assistance for the charter school shall be  
27 determined by adding the amount of the base support level and charter  
28 additional assistance. The amount of the charter additional assistance is  
29 one thousand ~~seven~~ EIGHT hundred ~~seventy-five~~ SEVEN dollars ~~five cents~~ per  
30 student count in preschool programs for children with disabilities,  
31 kindergarten programs and grades one through eight and two thousand  
32 ~~sixty-eight~~ ONE HUNDRED SIX dollars ~~seventy-nine~~ THREE cents per student  
33 count in grades nine through twelve.

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

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

43 7. Not later than noon on the day preceding each apportionment date  
44 established by paragraph 5 of this subsection, the superintendent of  
45 public instruction shall furnish to the state treasurer an abstract of the

1 apportionment and shall certify the apportionment to the department of  
2 administration, which shall draw its warrant in favor of the charter  
3 schools for the amount apportioned.

4 C. If a pupil is enrolled in both a charter school and a public  
5 school that is not a charter school, the sum of the daily membership,  
6 which includes enrollment as prescribed in section 15-901, subsection A,  
7 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed  
8 in section 15-901, subsection A, paragraph 5, for that pupil in the school  
9 district and the charter school shall not exceed 1.0. If a pupil is  
10 enrolled in both a charter school and a public school that is not a  
11 charter school, the department of education shall direct the average daily  
12 membership to the school with the most recent enrollment date. On  
13 validation of actual enrollment in both a charter school and a public  
14 school that is not a charter school and if the sum of the daily membership  
15 or daily attendance for that pupil is greater than 1.0, the sum shall be  
16 reduced to 1.0 and shall be apportioned between the public school and the  
17 charter school based on the percentage of total time that the pupil is  
18 enrolled or in attendance in the public school and the charter school.  
19 The uniform system of financial records shall include guidelines for the  
20 apportionment of the pupil enrollment and attendance as provided in this  
21 section.

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

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

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

41 E. If a charter school was a district public school in the prior  
42 year and sponsored by the state board of education, the state board for  
43 charter schools, a university, a community college district or a group of  
44 community college districts, the reduction in subsection D of this section  
45 applies. The reduction to the base support level of the charter school

1 shall equal the sum of the base support level and the charter additional  
2 assistance received in the current year for those pupils who were enrolled  
3 in the traditional public school in the prior year and are now enrolled in  
4 the charter school in the current year.

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

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

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

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

1 occurrence if the sponsor determines that the charter school subsequently  
2 violates the fingerprinting requirements. Civil penalties pursuant to  
3 this subsection shall be assessed by requesting the department of  
4 education to reduce the amount of state aid that the charter school would  
5 otherwise receive by an amount equal to the civil penalty. The amount of  
6 state aid withheld shall revert to the state general fund at the end of  
7 the fiscal year.

8 J. A charter school may receive and spend monies distributed by the  
9 department of education pursuant to section 42-5029, subsection E, section  
10 42-5029.02, subsection A and section 37-521, subsection B.

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

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

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

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

39 O. If permitted by federal law, a charter school may opt out of  
40 federal grant opportunities if the charter holder or the appropriate  
41 governing body of the charter school determines that the federal  
42 requirements impose unduly burdensome reporting requirements.

43 P. For the purposes of this section, "monies intended for the basic  
44 maintenance and operations of the school" means monies intended to provide  
45 support for the educational program of the school, except that it does not

1 include supplemental assistance for a specific purpose or title VIII of  
2 the elementary and secondary education act of 1965 monies. The auditor  
3 general shall determine which federal or state monies meet this  
4 definition.

5 Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes,  
6 is amended by adding section 15-189.05, to read:

7 15-189.05. Charter school budgets; posting of teacher salary  
8 information; annual report

9 A. THE BUDGET FOR EACH CHARTER SCHOOL SHALL CONTAIN THE FOLLOWING  
10 INFORMATION:

11 1. THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER  
12 SCHOOL FOR THE CURRENT YEAR.

13 2. THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER  
14 SCHOOL FOR THE PREVIOUS YEAR.

15 3. THE DOLLAR INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS  
16 EMPLOYED BY THE CHARTER SCHOOL FOR THE CURRENT YEAR.

17 4. THE PERCENTAGE INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS  
18 EMPLOYED BY THE CHARTER SCHOOL FOR THE CURRENT YEAR.

19 B. EACH CHARTER SCHOOL SHALL PROMINENTLY POST THE INFORMATION  
20 REQUIRED BY SUBSECTION A OF THIS SECTION ON ITS WEBSITE HOME PAGE  
21 SEPARATELY FROM ITS BUDGET.

22 C. ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF  
23 EDUCATION SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET  
24 COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A  
25 REPORT THAT COMPILES THE INFORMATION REQUIRED BY SUBSECTION A OF THIS  
26 SECTION FOR ALL CHARTER SCHOOLS STATEWIDE.

27 Sec. 4. Section 15-213, Arizona Revised Statutes, is amended to  
28 read:

29 15-213. Procurement practices of school districts and charter  
30 schools; violations; classification; definitions

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

33 1. The state board shall submit to the auditor general proposed  
34 rules consistent with the procurement practices prescribed in title 41,  
35 chapter 23, modifying the provisions for public notice of invitation for  
36 bids, requests for proposals and requests for qualifications to allow a  
37 governing board to give public notice of the invitation for bids, requests  
38 for proposals and requests for qualifications by publication in the  
39 official newspaper of the county as ~~defined~~ PRESCRIBED in section 11-255,  
40 modifying the provisions relating to disposal of materials to comply with  
41 section 15-342, paragraph 18, providing for governing board delegation of  
42 procurement authority and modifying as necessary other provisions that the  
43 state board determines are not appropriate for school districts. The  
44 rules shall include provisions specifying that school districts are not  
45 required to engage in competitive bidding in order to make the decision to

1 participate in programs pursuant to section 15-382 and that a program  
2 authorized by section 15-382 is not required to engage in competitive  
3 bidding for the services necessary to administer the program or for  
4 purchase of insurance or reinsurance. The rules shall include provisions  
5 specifying that school districts are not required to engage in competitive  
6 bidding in order to place a pupil in a private school that provides  
7 special education services if such placement is prescribed in the pupil's  
8 individualized education program and the private school has been approved  
9 by the department of education division of special education pursuant to  
10 section 15-765, subsection D. This placement is not subject to rules  
11 adopted by the state board of education before November 24, 2009 pursuant  
12 to this section. The rules for procurement of construction projects shall  
13 include provisions specifying that surety bonds furnished as bid security  
14 and performance and payment bonds shall be executed and furnished as  
15 required by title 34, chapter 2 or 6, as applicable. The rules shall  
16 specify the total cost of a procurement that is subject to invitations for  
17 bids, requests for proposals and requests for clarification, using the  
18 aggregate dollar amount limits for procurements prescribed in section  
19 41-2535.

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

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

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

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

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

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

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

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

1 conducted in another state is against this state's public policy and is  
2 void and unenforceable.

3 3. The state board of education shall adopt rules for the  
4 procurement of goods and information services by school districts and  
5 charter schools using electronic, online bidding. The rules adopted by  
6 the state board shall include the use of reverse auctions and shall be  
7 consistent with the procurement practices prescribed in title 41, chapter  
8 23, article 13, modifying as necessary those provisions and the rules  
9 adopted pursuant to that article that the state board determines are not  
10 appropriate for school districts and charter schools. Until the rules are  
11 adopted, school districts and charter schools may procure goods and  
12 information services pursuant to title 41, chapter 23, article 13 using  
13 the rules adopted by the department of administration in implementing that  
14 article.

15 4. THE STATE BOARD SHALL ADOPT RULES FOR THE PROCUREMENT BY SCHOOL  
16 DISTRICTS OF ANY MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION  
17 SERVICES THAT ENSURE MAXIMUM PRACTICABLE COMPETITION AS PRESCRIBED IN  
18 SECTION 41-2565 AND SHALL REQUIRE THAT A PERSON:

19 (a) THAT CONTRACTS FOR OR PURCHASES ANY MATERIALS, SERVICES, GOODS,  
20 CONSTRUCTION OR CONSTRUCTION SERVICES IN A MANNER CONTRARY TO THE RULES  
21 ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION IS PERSONALLY LIABLE  
22 FOR THE RECOVERY OF ALL PUBLIC MONIES PAID PLUS TWENTY PERCENT OF THAT  
23 AMOUNT AND LEGAL INTEREST FROM THE DATE OF PAYMENT AND ALL COSTS AND  
24 DAMAGES ARISING OUT OF THE VIOLATION AS PRESCRIBED IN SECTION 41-2616.

25 (b) THAT INTENTIONALLY OR KNOWINGLY CONTRACTS FOR OR PURCHASES ANY  
26 MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION SERVICES PURSUANT  
27 TO A SCHEME OR ARTIFICE TO AVOID THE RULES ADOPTED BY THE STATE BOARD  
28 PURSUANT TO THIS SECTION IS GUILTY OF A CLASS 4 FELONY AS PRESCRIBED IN  
29 SECTION 41-2616.

30 (c) THAT PREPARES PROCUREMENT SPECIFICATIONS MAY NOT RECEIVE ANY  
31 DIRECT OR INDIRECT BENEFIT FROM USING THOSE SPECIFICATIONS.

32 (d) THAT SERVES ON A SELECTION COMMITTEE FOR A PROCUREMENT MAY NOT  
33 BE A CONTRACTOR OR SUBCONTRACTOR UNDER A CONTRACT AWARDED UNDER THE  
34 PROCUREMENT OR PROVIDE ANY SPECIFIED PROFESSIONAL SERVICES, CONSTRUCTION,  
35 CONSTRUCTION SERVICES, MATERIALS OR OTHER SERVICES UNDER THE CONTRACT. A  
36 PERSON THAT SERVES ON A SELECTION COMMITTEE FOR A PROCUREMENT AND THAT  
37 FAILS TO DISCLOSE CONTACT WITH A REPRESENTATIVE OF A COMPETING VENDOR OR  
38 FAILS TO PROVIDE REQUIRED ACCURATE INFORMATION IS SUBJECT TO A CIVIL  
39 PENALTY AS PRESCRIBED IN SECTION 41-2616.

40 5. THE STATE BOARD SHALL ADOPT RULES REQUIRING SCHOOL DISTRICTS TO  
41 OBTAIN AND MAINTAIN A RECORD OF PROOF THAT A CONSTRUCTION OR CONSTRUCTION  
42 SERVICES PROVIDER THAT HAS BEEN AWARDED A CONTRACT WITH THE SCHOOL  
43 DISTRICT, OR SCHOOL PURCHASING COOPERATIVE, HAS A VALID LICENSE TO  
44 PRACTICE IN THIS STATE.

1           ~~4.~~ 6. The auditor general shall review the proposed rules to  
2 determine whether the rules are consistent with the procurement practices  
3 prescribed in title 41, chapter 23 and any modifications are required to  
4 adapt the procedures for school districts.

5           ~~5.~~ 7. If the auditor general approves the proposed rules, the  
6 auditor general shall notify the state board in writing and the state  
7 board shall adopt such rules.

8           ~~6.~~ 8. If the auditor general objects to the proposed rules, the  
9 auditor general shall notify the state board of the objections in writing  
10 and the state board, in adopting the rules, shall conform the proposed  
11 rules to meet the objections of the auditor general or revise the proposed  
12 rules to which an objection has been made and submit the revisions to the  
13 auditor general for approval.

14           B. After the bids submitted in response to an invitation for bids  
15 are opened and the award is made or after the proposals or qualifications  
16 are submitted in response to a request for proposals or a request for  
17 qualifications and the award is made, the governing board shall make  
18 available for public inspection all information, all bids, proposals and  
19 qualifications submitted and all findings and other information considered  
20 in determining whose bid conforms to the invitation for bids and will be  
21 the most advantageous with respect to price, conformity to the  
22 specifications and other factors or whose proposal or qualifications are  
23 to be selected for the award, **INCLUDING THE RATIONALE FOR AWARDING A  
24 CONTRACT FOR ANY SPECIFIED PROFESSIONAL SERVICES, CONSTRUCTION,  
25 CONSTRUCTION SERVICES OR MATERIALS TO AN ENTITY SELECTED FROM A QUALIFIED  
26 SELECT BIDDERS LIST OR THROUGH A SCHOOL PURCHASING COOPERATIVE.** The  
27 invitation for bids, request for proposals or request for qualifications  
28 shall include a notice that all information and bids, proposals and  
29 qualifications submitted will be made available for public inspection.  
30 The rules adopted by the state board shall prohibit the use in connection  
31 with procurement of specifications in any way proprietary to one supplier  
32 unless the specification includes all of the following:

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

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

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

39           C. ~~No~~ A project or purchase may **NOT** be divided or sequenced into  
40 separate projects or purchases in order to avoid the limits prescribed by  
41 the state board under subsection A of this section.

42           D. A contract for the procurement of construction or construction  
43 services shall include a provision that provides for negotiations between  
44 the school district and the contractor for the recovery of damages related  
45 to expenses incurred by the contractor for a delay for which the school

1 district is responsible, that is unreasonable under the circumstances and  
2 that was not within the contemplation of the parties to the contract.  
3 This subsection ~~shall~~ DOES not ~~be construed to~~ void any provision in the  
4 contract that requires notice of delays, provides for arbitration or any  
5 other procedure for settlement or provides for liquidated damages.

6 E. The auditor general may conduct discretionary reviews,  
7 investigations and audits of the financial and operational procurement  
8 activities of school districts, nonexempt charter schools and school  
9 purchasing cooperatives. The auditor general has final review and  
10 approval authority over all school district, nonexempt charter school and  
11 school purchasing cooperative audit contracts and any audit reports issued  
12 in accordance with this section. IF THE ATTORNEY GENERAL HAS REASONABLE  
13 CAUSE TO BELIEVE AN EMPLOYEE OF A SCHOOL DISTRICT OR SCHOOL PURCHASING  
14 COOPERATIVE, OR AN EMPLOYEE OF AN ENTITY THAT HAS BEEN AWARDED A CONTRACT  
15 BY A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE, HAS ENGAGED IN, IS  
16 ENGAGING IN OR IS ABOUT TO ENGAGE IN ANY PRACTICE OR TRANSACTION THAT  
17 VIOLATES THE RULES ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO  
18 THIS SECTION, THE ATTORNEY GENERAL MAY:

19 1. REQUIRE THAT PERSON TO FILE ON FORMS PRESCRIBED BY THE ATTORNEY  
20 GENERAL A STATEMENT OR REPORT IN WRITING AND UNDER OATH AS TO ALL THE  
21 FACTS AND CIRCUMSTANCES CONCERNING A VIOLATION OF THE RULES ADOPTED BY THE  
22 STATE BOARD PURSUANT TO THIS SECTION BY THAT PERSON AND ANY OTHER DATA AND  
23 INFORMATION DEEMED NECESSARY BY THE ATTORNEY GENERAL.

24 2. EXAMINE UNDER OATH ANY PERSON IN CONNECTION WITH A VIOLATION OF  
25 THE RULES ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION.

26 F. In addition to the requirements of sections 15-914 and  
27 15-914.01, school districts, nonexempt charter schools and school  
28 purchasing cooperatives, in connection with any audit conducted by a  
29 certified public accountant, shall contract for a systematic review of  
30 purchasing practices using methodology consistent with sampling guidelines  
31 established by the auditor general. The auditor general shall consider  
32 cost when establishing guidelines pursuant to this subsection and to the  
33 extent possible shall attempt to minimize the cost of the review. The  
34 purpose of the review is to determine whether the school district,  
35 nonexempt charter school or school purchasing cooperative is in compliance  
36 with the procurement laws and applicable procurement rules of this state.  
37 A copy of the review shall be submitted on completion to the auditor  
38 general. The auditor general may conduct discretionary reviews of school  
39 districts, nonexempt charter schools and school purchasing cooperatives  
40 not required to contract for independent audits.

41 G. A SCHOOL DISTRICT SCHOOL EMPLOYEE WHO HAS CONTROL OVER PERSONNEL  
42 ACTIONS MAY NOT TAKE REPRISAL AGAINST A SCHOOL DISTRICT SCHOOL EMPLOYEE  
43 FOR THAT EMPLOYEE'S DISCLOSURE OF INFORMATION THAT IS A MATTER OF PUBLIC  
44 CONCERN, INCLUDING A VIOLATION OF THIS SECTION, TO A PUBLIC BODY PURSUANT  
45 TO TITLE 38, CHAPTER 3, ARTICLE 9.

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

8           ~~H.~~ I. The department of education shall enact policies and  
9 procedures for the acceptance and disposition of complaints from the  
10 public regarding school procurement practices and shall forward all school  
11 procurement complaints to the attorney general. Notwithstanding rules  
12 adopted by the state board, school districts shall not be required to  
13 prepare or submit an annual report on the benefits associated with the use  
14 of construction-manager-at-risk, design-build, qualified select bidders  
15 list and job-order-contracting methods.

16           ~~I.~~ J. The state board of education shall adopt, and the auditor  
17 general shall review, rules authorizing school districts to procure  
18 construction services by construction-manager-at-risk, design-build,  
19 qualified select bidders list and job-order-contracting methods of project  
20 delivery. The rules shall not require school districts to obtain bid  
21 security for the construction-manager-at-risk method of project delivery.

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

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

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

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

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

39           ~~K.~~ L. Unless otherwise provided by law, multiterm contracts for  
40 materials or services and contracts for job-order-contracting construction  
41 services may be entered into if the duration of the contract and the  
42 conditions of renewal or extension, if any, are included in the invitation  
43 for bids or the request for proposals and if monies are available for the  
44 first fiscal period at the time the contract is executed. The duration of  
45 contracts for materials or services and contracts for

1 job-order-contracting construction services ~~shall be~~ ARE limited to no  
2 more than five years unless the governing board determines in writing  
3 before the procurement solicitation is issued that a contract of longer  
4 duration would be advantageous to the school district. Payment and  
5 performance obligations for succeeding fiscal periods are subject to the  
6 availability and appropriation of monies.

7 ~~t.~~ M. Notwithstanding the rules adopted by the state board of  
8 education, the maximum dollar amount of an individual job order for  
9 job-order-contracting construction services ~~shall be~~ IS one million  
10 dollars or a higher or lower amount prescribed by the governing board in a  
11 policy adopted in a public meeting held pursuant to title 38, chapter 3,  
12 article 3.1. Requirements shall not be artificially divided or fragmented  
13 in order to constitute a job order that satisfies the requirements of this  
14 subsection.

15 N. A PERSON WHO SUPERVISES OR PARTICIPATES IN CONTRACTS, PURCHASES,  
16 PAYMENTS, CLAIMS OR OTHER FINANCIAL TRANSACTIONS, OR A PERSON WHO  
17 SUPERVISES OR PARTICIPATES IN THE PLANNING, RECOMMENDING, SELECTING OR  
18 CONTRACTING FOR MATERIALS, SERVICES, GOODS, CONSTRUCTION, OR CONSTRUCTION  
19 SERVICES OF A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE IS GUILTY  
20 OF A CLASS 6 FELONY IF THE PERSON SOLICITS, ACCEPTS OR AGREES TO ACCEPT  
21 ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF THREE HUNDRED DOLLARS OR MORE  
22 FROM A PERSON OR VENDOR THAT HAS SECURED OR HAS TAKEN STEPS TO SECURE A  
23 CONTRACT, PURCHASE, PAYMENT, CLAIM OR FINANCIAL TRANSACTION WITH THE  
24 SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE. SOLICITING, ACCEPTING  
25 OR AGREEING TO ACCEPT ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF LESS  
26 THAN THREE HUNDRED DOLLARS IS A CLASS 1 MISDEMEANOR. A GIFT OR BENEFIT  
27 DOES NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, T-  
28 SHIRT, MUG OR PEN.

29 O. ANY PERSON OR VENDOR THAT HAS SECURED OR HAS TAKEN STEPS TO  
30 SECURE A CONTRACT, PURCHASE, PAYMENT, CLAIM OR FINANCIAL TRANSACTION WITH  
31 A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE THAT OFFERS, CONFERS OR  
32 AGREES TO CONFER ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF THREE  
33 HUNDRED DOLLARS OR MORE ON A PERSON WHO SUPERVISES OR PARTICIPATES IN  
34 CONTRACTS, PURCHASES, PAYMENTS, CLAIMS OR OTHER FINANCIAL TRANSACTIONS, OR  
35 ON A PERSON WHO SUPERVISES OR PARTICIPATES IN PLANNING, RECOMMENDING,  
36 SELECTING OR CONTRACTING FOR MATERIALS, SERVICES, GOODS, CONSTRUCTION OR  
37 CONSTRUCTION SERVICES OF A SCHOOL DISTRICT OR SCHOOL PURCHASING  
38 COOPERATIVE, IS GUILTY OF A CLASS 6 FELONY. OFFERING, CONFERRING OR  
39 AGREEING TO CONFER ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF LESS THAN  
40 THREE HUNDRED DOLLARS IS A CLASS 1 MISDEMEANOR. A GIFT OR BENEFIT DOES  
41 NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, T-SHIRT, MUG  
42 OR PEN.

43 P. ANY PERSON OR VENDOR CONVICTED UNDER SUBSECTION O OF THIS  
44 SECTION MAY BE SUSPENDED FOR UP TO SIX MONTHS OR BARRED FOR UP TO THREE  
45 YEARS BY THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION FROM DOING

1 BUSINESS WITH SCHOOL DISTRICTS AND SCHOOL PURCHASING COOPERATIVES. THE  
2 DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL ADOPT RULES, INCLUDING  
3 ADMINISTRATIVE PROCEDURES, TO SUSPEND OR BAR ANY PERSON FROM CONSIDERATION  
4 FOR AWARD OF CONTRACTS PURSUANT TO THIS SECTION.

5 Q. A SCHOOL DISTRICT MAY NOT HIRE THE SAME AUDITOR OR AUDITING FIRM  
6 FOR MORE THAN THREE CONSECUTIVE YEARS.

7 R. AN AUDITOR OR AUDITING FIRM HIRED BY A SCHOOL DISTRICT MAY NOT  
8 ALSO RECEIVE CONSULTING FEES FROM THAT SCHOOL DISTRICT.

9 ~~M.~~ S. For the purposes of this section:

10 1. "GIFT OR BENEFIT" MEANS A PAYMENT, DISTRIBUTION, EXPENDITURE,  
11 ADVANCE, DEPOSIT OR DONATION OF MONIES, ANY INTANGIBLE PERSONAL PROPERTY  
12 OR ANY KIND OF TANGIBLE PERSONAL OR REAL PROPERTY. GIFT OR BENEFIT DOES  
13 NOT INCLUDE EITHER:

14 (a) FOOD OR BEVERAGE.

15 (b) EXPENSES OR SPONSORSHIPS RELATING TO A SPECIAL EVENT OR  
16 FUNCTION TO WHICH INDIVIDUALS LISTED IN SUBSECTION N OF THIS SECTION ARE  
17 INVITED.

18 ~~1.~~ 2. "Nonexempt charter school" means a charter school that is  
19 not exempted from procurement laws pursuant to section 15-183, subsection  
20 E, paragraph 6.

21 ~~2.~~ 3. "School purchasing cooperative" means an entity engaged in  
22 cooperative purchasing as defined in section 41-2631.

23 ~~3.~~ 4. "Total cost" means the cost of all materials and services,  
24 including the cost of labor performed by employees of the school district,  
25 for all construction as provided in subsection A of this section.

26 Sec. 5. Title 15, chapter 2, article 1, Arizona Revised Statutes,  
27 is amended by adding section 15-213.04, to read:

28 15-213.04. Procurement practices; rules; lowest qualified  
29 bidder

30 THE STATE BOARD OF EDUCATION SHALL ADOPT RULES FOR THE PROCUREMENT  
31 BY SCHOOL DISTRICTS OF ANY MATERIALS, SERVICES, GOODS, CONSTRUCTION AND  
32 CONSTRUCTION SERVICES THAT REQUIRE CONTRACTS TO BE AWARDED BASED ON THE  
33 LOWEST QUALIFIED BIDDER.

34 Sec. 6. Section 15-249.06, Arizona Revised Statutes, is amended to  
35 read:

36 15-249.06. College credit by examination incentive program;  
37 incentive bonuses; report; program termination

38 A. The college credit by examination incentive program is  
39 established within the department of education to provide an incentive  
40 bonus to teachers, school districts and charter schools for students who  
41 obtain a passing score on a qualifying examination for college credit  
42 while in high school.

43 B. The Arizona board of regents shall maintain a list of qualifying  
44 examinations that a high school student may take in order to receive  
45 college credit in mathematics, English language arts, SOCIAL STUDIES or

1 science from any university under the jurisdiction of the Arizona board of  
2 regents and the passing scores required on those examinations in order to  
3 receive college credit. On or before September 1 of each year, the  
4 Arizona board of regents shall provide the list of qualifying examinations  
5 and passing scores to the department of education and shall submit this  
6 list to the joint legislative budget committee for review.

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

25 D. A school district or charter school that receives an incentive  
26 bonus pursuant to this section shall distribute at least fifty percent of  
27 the bonus monies to the associated classroom teacher for each student who  
28 passes a qualifying examination. Bonus monies awarded to a teacher  
29 pursuant to this subsection shall be in addition to any regular wage,  
30 compensation or other bonus the teacher receives or is scheduled to  
31 receive. The remainder of any bonus monies received by a school district  
32 or charter school shall be used for teacher professional development or  
33 student instructional support or materials. Any bonus monies received by  
34 a school district or charter school pursuant to this subsection shall be  
35 separately accounted for in the school district's or charter school's  
36 annual financial report.

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

40 F. On or before December 15, 2018 and on or before December 15 of  
41 each year thereafter, the department of education shall submit to the  
42 president of the senate, the speaker of the house of representatives, the  
43 governor and the secretary of state and to the joint legislative budget  
44 committee for review a report on all of the following:



1 SOURCES. THE VALUE OF TRAINING PROVIDED BY A PRIVATE ENTITY AT NO COST TO  
2 THIS STATE OR ANY OTHER PUBLIC SCHOOL IN THIS STATE SHALL COUNT AS  
3 MATCHING MONIES IN ANY FISCAL YEAR IN WHICH THIS TRAINING IS  
4 PROVIDED. THE DEPARTMENT MAY USE UP TO TWO PERCENT OF THE MONIES  
5 DEPOSITED IN THE FUND EACH FISCAL YEAR FOR ADMINISTRATIVE PURPOSES.

6 D. ON OR BEFORE JUNE 30 OF EACH YEAR, EACH SCHOOL DISTRICT AND  
7 CHARTER SCHOOL THAT RECEIVES GRANT MONIES FROM THE COMPUTER SCIENCE  
8 PROFESSIONAL DEVELOPMENT PROGRAM FUND SHALL SUBMIT A REPORT TO THE  
9 DEPARTMENT OF EDUCATION ON THE OUTCOMES ACHIEVED WITH PROSPECTIVE COMPUTER  
10 SCIENCE TEACHERS AND HOW THE GRANT MONIES WERE SPENT. ON OR BEFORE  
11 NOVEMBER 15 OF EACH YEAR, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE  
12 PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND  
13 THE GOVERNOR ON THE AMOUNT OF GRANT MONIES AWARDED FROM THE FUND, THE  
14 OUTCOMES ACHIEVED AND HOW THE MONIES WERE SPENT. THE DEPARTMENT SHALL  
15 PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE.

16 15-249.13. Definition of "rural" for purpose of federal  
17 funding eligibility

18 FOR THE PURPOSE OF FEDERAL FUNDING ELIGIBILITY DETERMINATIONS THAT  
19 ARE MADE BY THE DEPARTMENT OF EDUCATION AND THAT INVOLVE THE GEOGRAPHIC  
20 LOCATION OF A SCHOOL DISTRICT OR CHARTER SCHOOL, "RURAL" MEANS LOCATED  
21 EITHER:

22 1. IN A COUNTY WITH A POPULATION THAT IS LESS THAN OR EQUAL TO TEN  
23 PERCENT OF THE POPULATION OF THIS STATE.

24 2. IN A COUNTY WITH A POPULATION THAT EXCEEDS TEN PERCENT OF THE  
25 POPULATION OF THIS STATE BUT THAT IS LOCATED MORE THAN TEN MILES FROM A  
26 MUNICIPALITY WITH A POPULATION OF MORE THAN FIFTY THOUSAND PERSONS.

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

29 15-341. General powers and duties; immunity; delegation

30 A. The governing board shall:

31 1. Prescribe and enforce policies and procedures for the governance  
32 of the schools; ~~THAT ARE~~ THAT ARE not inconsistent with law or rules prescribed by  
33 the state board of education.

34 2. Exclude from schools all books, publications, papers or  
35 audiovisual materials of a sectarian, partisan or denominational  
36 character. This paragraph ~~shall~~ DOES not ~~be construed to~~ prohibit the  
37 elective course permitted by section 15-717.01.

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

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

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

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

- 1           7. Construct school buildings on approval by a vote of the district  
2 electors.
- 3           8. Make in the name of the district conveyances of property  
4 belonging to the district and sold by the board.
- 5           9. Purchase school sites when authorized by a vote of the district  
6 at an election conducted as nearly as practicable in the same manner as  
7 the election provided in section 15-481 and held on a date prescribed in  
8 section 15-491, subsection E, but such authorization shall not necessarily  
9 specify the site to be purchased and such authorization shall not be  
10 necessary to exchange unimproved property as provided in section 15-342,  
11 paragraph 23.
- 12           10. Construct, improve and furnish buildings used for school  
13 purposes when such buildings or premises are leased from the national park  
14 service.
- 15           11. Purchase school sites or construct, improve and furnish school  
16 buildings from the proceeds of the sale of school property only on  
17 approval by a vote of the district electors.
- 18           12. Hold pupils to strict account for disorderly conduct on school  
19 property.
- 20           13. Discipline students for disorderly conduct on the way to and  
21 from school.
- 22           14. Except as provided in section 15-1224, deposit all monies  
23 received by the district as gifts, grants and devises with the county  
24 treasurer who shall credit the deposits as designated in the uniform  
25 system of financial records. If not inconsistent with the terms of the  
26 gifts, grants and devises given, any balance remaining after expenditures  
27 for the intended purpose of the monies have been made shall be used for  
28 reduction of school district taxes for the budget year, except that in the  
29 case of accommodation schools the county treasurer shall carry the balance  
30 forward for use by the county school superintendent for accommodation  
31 schools for the budget year.
- 32           15. Provide that, if a parent or legal guardian chooses not to  
33 accept a decision of the teacher as provided in ~~section~~ paragraph 42 of  
34 this subsection, the parent or legal guardian may request in writing that  
35 the governing board review the teacher's decision. This paragraph ~~shall~~  
36 **DOES** not ~~be construed to~~ release school districts from any liability  
37 relating to a child's promotion or retention.
- 38           16. Provide for adequate supervision over pupils in instructional  
39 and noninstructional activities by certificated or noncertificated  
40 personnel.
- 41           17. Use school monies received from the state and county school  
42 apportionment exclusively for payment of salaries of teachers and other  
43 employees and contingent expenses of the district.
- 44           18. Make an annual report to the county school superintendent on or  
45 before October 1 in the manner and form and on the blanks prescribed by

1 the superintendent of public instruction or county school superintendent.  
2 The board shall also make reports directly to the county school  
3 superintendent or the superintendent of public instruction whenever  
4 required.

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

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

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

27 22. Prescribe and enforce policies and procedures for disciplinary  
28 action against an administrator who engages in conduct that is a violation  
29 of the policies of the governing board regarding duties of administrators  
30 but that is not cause for dismissal of the administrator or for revocation  
31 of the certificate of the administrator. Disciplinary action may include  
32 suspension without pay for a period of time not to exceed ten school days.  
33 Disciplinary action shall not include suspension with pay or suspension  
34 without pay for a period of time longer than ten school days. The  
35 procedures shall include notice, hearing and appeal provisions for  
36 violations that are cause for disciplinary action. The governing board  
37 may designate a person or persons to act on behalf of the board on these  
38 matters. For violations that are cause for dismissal, the provisions of  
39 notice, hearing and appeal in chapter 5, article 3 of this title shall  
40 apply. The filing of a timely request for a hearing suspends the  
41 imposition of a suspension without pay or a dismissal pending completion  
42 of the hearing.

43 23. Notwithstanding sections 13-3108 and 13-3120, prescribe and  
44 enforce policies and procedures that prohibit a person from carrying or

1 possessing a weapon on school grounds unless the person is a peace officer  
2 or has obtained specific authorization from the school administrator.

3 24. Prescribe and enforce policies and procedures relating to the  
4 health and safety of all pupils participating in ~~district sponsored~~  
5 **DISTRICT-SPONSORED** practice sessions or games or other interscholastic  
6 athletic activities, including:

7 (a) The provision of water.

8 (b) Guidelines, information and forms, developed in consultation  
9 with a statewide private entity that supervises interscholastic  
10 activities, to inform and educate coaches, pupils and parents of the  
11 dangers of concussions and head injuries and the risks of continued  
12 participation in athletic activity after a concussion. The policies and  
13 procedures shall require that, before a pupil participates in an athletic  
14 activity, the pupil and the pupil's parent must sign an information form  
15 at least once each school year that states that the parent is aware of the  
16 nature and risk of concussion. The policies and procedures shall require  
17 that a pupil who is suspected of sustaining a concussion in a practice  
18 session, game or other interscholastic athletic activity be immediately  
19 removed from the athletic activity. A coach from the pupil's team or an  
20 official or a licensed health care provider may remove a pupil from  
21 play. A team parent may also remove the parent's own child from play. A  
22 pupil may return to play on the same day if a health care provider rules  
23 out a suspected concussion at the time the pupil is removed from play. On  
24 a subsequent day, the pupil may return to play if the pupil has been  
25 evaluated by and received written clearance to resume participation in  
26 athletic activity from a health care provider who has been trained in the  
27 evaluation and management of concussions and head injuries. A health care  
28 provider who is a volunteer and who provides clearance to participate in  
29 athletic activity on the day of the suspected injury or on a subsequent  
30 day is immune from civil liability with respect to all decisions made and  
31 actions taken that are based on good faith implementation of the  
32 requirements of this subdivision, except in cases of gross negligence or  
33 wanton or wilful neglect. A school district, school district employee,  
34 team coach, official or team volunteer or a parent or guardian of a team  
35 member is not subject to civil liability for any act, omission or policy  
36 undertaken in good faith to comply with the requirements of this  
37 subdivision or for a decision made or an action taken by a health care  
38 provider. A group or organization that uses property or facilities owned  
39 or operated by a school district for athletic activities shall comply with  
40 the requirements of this subdivision. A school district and its employees  
41 and volunteers are not subject to civil liability for any other person or  
42 organization's failure or alleged failure to comply with the requirements  
43 of this subdivision. This subdivision does not apply to teams that are  
44 based in another state and that participate in an athletic activity in  
45 this state. For the purposes of this subdivision, athletic activity does

1 not include dance, rhythmic gymnastics, competitions or exhibitions of  
2 academic skills or knowledge or other similar forms of physical noncontact  
3 activities, civic activities or academic activities, whether engaged in  
4 for the purposes of competition or recreation. For the purposes of this  
5 subdivision, "health care provider" means a physician who is licensed  
6 pursuant to title 32, chapter 13 or 17, an athletic trainer who is  
7 licensed pursuant to title 32, chapter 41, a nurse practitioner who is  
8 licensed pursuant to title 32, chapter 15, and a physician assistant who  
9 is licensed pursuant to title 32, chapter 25.

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

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

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

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

21 29. Keep in the personnel file of all current and former employees  
22 who provide instruction to pupils at a school information about the  
23 employee's educational and teaching background and experience in a  
24 particular academic content subject area. A school district shall inform  
25 parents and guardians of the availability of the information and shall  
26 make the information available for inspection on request of parents and  
27 guardians of pupils enrolled at a school. This paragraph ~~shall~~ DOES  
28 ~~be construed to~~ require any school to release personally identifiable  
29 information in relation to any teacher or employee, including the  
30 teacher's or employee's address, salary, social security number or  
31 telephone number.

32 30. Report to local law enforcement agencies any suspected crime  
33 against a person or property that is a serious offense as defined in  
34 section 13-706 or that involves a deadly weapon or dangerous instrument or  
35 serious physical injury and any conduct that poses a threat of death or  
36 serious physical injury to employees, students or anyone on the property  
37 of the school. This paragraph does not limit or preclude the reporting by  
38 a school district or an employee of a school district of suspected crimes  
39 other than those required to be reported by this paragraph. For the  
40 purposes of this paragraph, "dangerous instrument", "deadly weapon" and  
41 "serious physical injury" have the same meanings prescribed in section  
42 13-105.

43 31. In conjunction with local law enforcement agencies and  
44 emergency response agencies, develop an emergency response plan for each  
45 school in the school district in accordance with minimum standards

1 developed jointly by the department of education and the division of  
2 emergency management within the department of emergency and military  
3 affairs.

4 32. Provide written notice to the parents or guardians of all  
5 students enrolled in the school district at least ten days ~~prior to~~ BEFORE  
6 a public meeting to discuss closing a school within the school  
7 district. The notice shall include the reasons for the proposed closure  
8 and the time and place of the meeting. The governing board shall fix a  
9 time for a public meeting on the proposed closure ~~no~~ NOT less than ten  
10 days before voting in a public meeting to close the school. The school  
11 district governing board shall give notice of the time and place of the  
12 meeting. At the time and place designated in the notice, the school  
13 district governing board shall hear reasons for or against closing the  
14 school. The school district governing board is exempt from this paragraph  
15 if ~~it is determined by~~ the governing board DETERMINES that the school  
16 shall be closed because it poses a danger to the health or safety of the  
17 pupils or employees of the school. A governing board may consult with the  
18 school facilities board for technical assistance and for information on  
19 the impact of closing a school. The information provided from the school  
20 facilities board shall not require the governing board to take or not take  
21 any action.

22 33. Incorporate instruction on Native American history into  
23 appropriate existing curricula.

24 34. Prescribe and enforce policies and procedures:

25 (a) Allowing pupils who have been diagnosed with anaphylaxis by a  
26 health care provider licensed pursuant to title 32, chapter 13, 14, 17 or  
27 by a registered nurse practitioner licensed and certified pursuant  
28 to title 32, chapter 15 to carry and self-administer emergency  
29 medications, including epinephrine auto-injectors, while at school and at  
30 school-sponsored activities. The pupil's name on the prescription label  
31 on the medication container or on the medication device and annual written  
32 documentation from the pupil's parent or guardian to the school that  
33 authorizes possession and self-administration is sufficient proof that the  
34 pupil is entitled to the possession and self-administration of the  
35 medication. The policies shall require a pupil who uses an epinephrine  
36 auto-injector while at school and at school-sponsored activities to notify  
37 the nurse or the designated school staff person of the use of the  
38 medication as soon as practicable. A school district and its employees  
39 are immune from civil liability with respect to all decisions made and  
40 actions taken that are based on good faith implementation of the  
41 requirements of this subdivision, except in cases of wanton or wilful  
42 neglect.

43 (b) For the emergency administration of epinephrine auto-injectors  
44 by a trained employee of a school district pursuant to section 15-157.

1           35. Allow the possession and self-administration of prescription  
2 medication for breathing disorders in handheld inhaler devices by pupils  
3 who have been prescribed that medication by a health care professional  
4 licensed pursuant to title 32. The pupil's name on the prescription label  
5 on the medication container or on the handheld inhaler device and annual  
6 written documentation from the pupil's parent or guardian to the school  
7 that authorizes possession and self-administration shall be sufficient  
8 proof that the pupil is entitled to the possession and self-administration  
9 of the medication. A school district and its employees are immune from  
10 civil liability with respect to all decisions made and actions taken that  
11 are based on a good faith implementation of the requirements of this  
12 paragraph.

13           36. Prescribe and enforce policies and procedures to prohibit  
14 pupils from harassing, intimidating and bullying other pupils on school  
15 grounds, on school property, on school buses, at school bus stops, at  
16 school-sponsored events and activities and through the use of electronic  
17 technology or electronic communication on school computers, networks,  
18 forums and mailing lists that include the following components:

19           (a) A procedure for pupils, parents and school district employees  
20 to confidentially report to school officials incidents of harassment,  
21 intimidation or bullying. The school shall make available written forms  
22 designed to provide a full and detailed description of the incident and  
23 any other relevant information about the incident.

24           (b) A requirement that school district employees report in writing  
25 suspected incidents of harassment, intimidation or bullying to the  
26 appropriate school official and a description of appropriate disciplinary  
27 procedures for employees who fail to report suspected incidents that are  
28 known to the employee.

29           (c) A requirement that, at the beginning of each school year,  
30 school officials provide all pupils with a written copy of the rights,  
31 protections and support services available to a pupil who is an alleged  
32 victim of an incident reported pursuant to this paragraph.

33           (d) If an incident is reported pursuant to this paragraph, a  
34 requirement that school officials provide a pupil who is an alleged victim  
35 of the incident with a written copy of the rights, protections and support  
36 services available to that pupil.

37           (e) A formal process for the documentation of reported incidents of  
38 harassment, intimidation or bullying and for the confidentiality,  
39 maintenance and disposition of this documentation. School districts shall  
40 maintain documentation of all incidents reported pursuant to this  
41 paragraph for at least six years. The school shall not use that  
42 documentation to impose disciplinary action unless the appropriate school  
43 official has investigated and determined that the reported incidents of  
44 harassment, intimidation or bullying occurred. If a school provides  
45 documentation of reported incidents to persons other than school officials

1 or law enforcement, all individually identifiable information shall be  
2 redacted.

3 (f) A formal process for the investigation by the appropriate  
4 school officials of suspected incidents of harassment, intimidation or  
5 bullying, including procedures for notifying the alleged victim on  
6 completion and disposition of the investigation.

7 (g) Disciplinary procedures for pupils who have admitted or been  
8 found to have committed incidents of harassment, intimidation or bullying.

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

11 (i) Procedures designed to protect the health and safety of pupils  
12 who are physically harmed as the result of incidents of harassment,  
13 intimidation and bullying, including, if appropriate, procedures to  
14 contact emergency medical services or law enforcement agencies, or both.

15 (j) Definitions of harassment, intimidation and bullying.

16 37. Prescribe and enforce policies and procedures regarding  
17 changing or adopting attendance boundaries that include the following  
18 components:

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

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

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

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

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

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

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

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

44 39. Ensure that the contract for the superintendent is structured  
45 in a manner in which up to twenty percent of the total annual salary

1 included for the superintendent in the contract is classified as  
2 performance pay. This paragraph ~~shall~~ DOES not ~~be construed to~~ require  
3 school districts to increase total compensation for superintendents.  
4 Unless the school district governing board votes to implement an  
5 alternative procedure at a public meeting called for this purpose, the  
6 performance pay portion of the superintendent's total annual compensation  
7 shall be determined as follows:

8 (a) Twenty-five percent of the performance pay shall be determined  
9 based on the percentage of academic gain determined by the department of  
10 education of pupils who are enrolled in the school district compared to  
11 the academic gain achieved by the highest ranking of the fifty largest  
12 school districts in this state. For the purposes of this subdivision, the  
13 department of education shall determine academic gain by the academic  
14 growth achieved by each pupil who has been enrolled at the same school in  
15 a school district for at least five consecutive months measured against  
16 that pupil's academic results in the 2008-2009 school year. For the  
17 purposes of this subdivision, of the fifty largest school districts in  
18 this state, the school district with pupils who demonstrate the highest  
19 statewide percentage of overall academic gain measured against academic  
20 results for the 2008-2009 school year shall be assigned a score of 100 and  
21 the school district with pupils who demonstrate the lowest statewide  
22 percentage of overall academic gain measured against academic results for  
23 the 2008-2009 school year shall be assigned a score of 0.

24 (b) Twenty-five percent of the performance pay shall be determined  
25 by the percentage of parents of pupils who are enrolled at the school  
26 district who assign a letter grade of "A" to the school on a survey of  
27 parental satisfaction with the school district. The parental satisfaction  
28 survey shall be administered and scored by an independent entity that is  
29 selected by the governing board and that demonstrates sufficient expertise  
30 and experience to accurately measure the results of the survey. The  
31 parental satisfaction survey shall use standard random sampling procedures  
32 and provide anonymity and confidentiality to each parent who participates  
33 in the survey. The letter grade scale used on the parental satisfaction  
34 survey shall direct parents to assign one of the following letter grades:

- 35 (i) A letter grade of "A" if the school district is excellent.
- 36 (ii) A letter grade of "B" if the school district is above average.
- 37 (iii) A letter grade of "C" if the school district is average.
- 38 (iv) A letter grade of "D" if the school district is below average.
- 39 (v) A letter grade of "F" if the school district is a failure.

40 (c) Twenty-five percent of the performance pay shall be determined  
41 by the percentage of teachers who are employed at the school district and  
42 who assign a letter grade of "A" to the school on a survey of teacher  
43 satisfaction with the school. The teacher satisfaction survey shall be  
44 administered and scored by an independent entity that is selected by the  
45 governing board and that demonstrates sufficient expertise and experience

1 to accurately measure the results of the survey. The teacher satisfaction  
2 survey shall use standard random sampling procedures and provide anonymity  
3 and confidentiality to each teacher who participates in the survey. The  
4 letter grade scale used on the teacher satisfaction survey shall direct  
5 teachers to assign one of the following letter grades:

6 (i) A letter grade of "A" if the school district is excellent.

7 (ii) A letter grade of "B" if the school district is above average.

8 (iii) A letter grade of "C" if the school district is average.

9 (iv) A letter grade of "D" if the school district is below average.

10 (v) A letter grade of "F" if the school district is a failure.

11 (d) Twenty-five percent of the performance pay shall be determined  
12 by other criteria selected by the governing board.

13 40. Maintain and store permanent public records of the school  
14 district as required by law. Notwithstanding section 39-101, the  
15 standards adopted by the Arizona state library, archives and public  
16 records for the maintenance and storage of school district public records  
17 shall allow school districts to elect to satisfy the requirements of this  
18 paragraph by maintaining and storing these records either on paper or in  
19 an electronic format, or a combination of a paper and electronic format.

20 41. Adopt in a public meeting and implement ~~by school year~~  
21 ~~2013-2014~~ policies for principal evaluations. Before the adoption of  
22 principal evaluation policies, the school district governing board shall  
23 provide opportunities for public discussion on the proposed policies. The  
24 policies shall describe:

25 (a) The principal evaluation instrument, including the four  
26 performance classifications adopted by the governing board pursuant to  
27 section 15-203, subsection A, paragraph 38.

28 (b) Alignment of professional development opportunities to the  
29 principal evaluations.

30 (c) Incentives for principals in one of the two highest performance  
31 classifications pursuant to section 15-203, subsection A, paragraph 38,  
32 which may include:

33 (i) Multiyear contracts pursuant to section 15-503.

34 (ii) Incentives to work at schools that are assigned a letter grade  
35 of D or F pursuant to section 15-241.

36 (d) Transfer and contract processes for principals designated in  
37 the lowest performance classification pursuant to section 15-203,  
38 subsection A, paragraph 38.

39 42. Prescribe and enforce policies and procedures that define the  
40 duties of principals and teachers. These policies and procedures shall  
41 authorize teachers to take and maintain daily classroom attendance, make  
42 the decision to promote or retain a pupil in a grade in common school or  
43 to pass or fail a pupil in a course in high school, subject to review by  
44 the governing board in the manner provided in section 15-342,  
45 paragraph 11.

1           43. Prescribe and enforce policies and procedures for the emergency  
2 administration by an employee of a school district pursuant to section  
3 36-2267 of naloxone hydrochloride or any other opioid antagonist approved  
4 by the United States food and drug administration.

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

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

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

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

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

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

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

39           G. Notwithstanding any other provision of this title, a school  
40 district governing board shall not take any action that would result in a  
41 reduction of pupil square footage unless the governing board notifies the  
42 school facilities board established by section 15-2001 of the proposed  
43 action and receives written approval from the school facilities board to  
44 take the action. A reduction includes an increase in administrative space  
45 that results in a reduction of pupil square footage or sale of school

1 sites or buildings, or both. A reduction includes a reconfiguration of  
2 grades that results in a reduction of pupil square footage of any grade  
3 level. This subsection does not apply to temporary reconfiguration of  
4 grades to accommodate new school construction if the temporary  
5 reconfiguration does not exceed one year. The sale of equipment that  
6 results in a reduction that falls below the equipment requirements  
7 prescribed in section 15-2011, subsection B is subject to commensurate  
8 withholding of school district additional assistance monies  
9 pursuant to the direction of the school facilities board. Except as  
10 provided in section 15-342, paragraph 10, proceeds from the sale of school  
11 sites, buildings or other equipment shall be deposited in the school plant  
12 fund as provided in section 15-1102.

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

16 I. A SCHOOL DISTRICT GOVERNING BOARD MAY DELEGATE AUTHORITY IN  
17 WRITING TO THE SUPERINTENDENT OF THE SCHOOL DISTRICT TO SUBMIT PLANS FOR  
18 NEW SCHOOL FACILITIES TO THE SCHOOL FACILITIES BOARD FOR THE PURPOSE OF  
19 CERTIFYING THAT THE PLANS MEET THE MINIMUM SCHOOL FACILITY ADEQUACY  
20 GUIDELINES PRESCRIBED IN SECTION 15-2011.

21 Sec. 9. Section 15-901, Arizona Revised Statutes, is amended to  
22 read:

23 15-901. Definitions

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

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

37 (a) "Fractional student" means:

38 (i) For common schools, a preschool child who is enrolled in a  
39 program for preschool children with disabilities of at least three hundred  
40 sixty minutes each week that meets at least two hundred sixteen hours over  
41 the minimum number of days or a kindergarten student who is at least five  
42 years of age before January 1 of the school year and enrolled in a school  
43 kindergarten program that meets at least three hundred fifty-six hours for  
44 a one hundred eighty-day school year, or the instructional hours  
45 prescribed in this section. Lunch periods and recess periods may not be

1 included as part of the instructional hours unless the child's  
2 individualized education program requires instruction during those periods  
3 and the specific reasons for such instruction are fully documented. In  
4 computing the average daily membership, preschool children with  
5 disabilities and kindergarten students shall be counted as one-half of a  
6 full-time student. For common schools, a part-time student is a student  
7 enrolled for less than the total time for a full-time student as defined  
8 in this section. A part-time common school student shall be counted as  
9 one-fourth, one-half or three-fourths of a full-time student if the  
10 student is enrolled in an instructional program that is at least  
11 one-fourth, one-half or three-fourths of the time a full-time student is  
12 enrolled as defined in subdivision (b) of this paragraph.

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

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

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

1 eighty-day school year, or the instructional hours prescribed in this  
2 section. Seventh and eighth grade students must be enrolled in an  
3 instructional program that meets for at least one thousand hours. Lunch  
4 periods and recess periods may not be included as part of the  
5 instructional hours unless the student is a child with a disability and  
6 the child's individualized education program requires instruction during  
7 those periods and the specific reasons for such instruction are fully  
8 documented.

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

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

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

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

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

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

12 (c) "Regular school day" means the regularly scheduled class  
13 periods intended for instructional purposes. Instructional purposes may  
14 include core subjects, elective subjects, lunch, study halls, music  
15 instruction, and other classes that advance the academic instruction of  
16 pupils, except that instructional purposes shall not include athletic  
17 practices or extracurricular clubs and activities.

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

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

23 (a) Grades one through eight.

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

25 4. "Current year" means the fiscal year in which a school district  
26 is operating.

27 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6           (b) The total number of miles driven daily on routes approved by  
7 the 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 student from the place of the student's residence to  
10 a school transportation pickup point or to the school of attendance and  
11 from the school transportation scheduled return point or from the school  
12 of attendance to the student's residence. Daily route mileage includes  
13 the total number of miles necessary to drive to transport eligible  
14 students from and to their residence as provided in this paragraph.

15           7. "District support level" means the base support level plus the  
16 transportation support level.

17           8. "Eligible students" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (h) For fiscal year 2017-2018, three thousand six hundred  
16 eighty-three dollars twenty-seven cents.

17 (i) FOR FISCAL YEAR 2018-2019, THREE THOUSAND NINE HUNDRED SIXTY  
18 DOLLARS SEVEN CENTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1           17. "MD-R, A-R and SID-R" means resource programs for pupils with  
2 multiple disabilities, autism and severe intellectual disability.
- 3           18. "MD-SC, A-SC and SID-SC" means self-contained programs for  
4 pupils with multiple disabilities, autism and severe intellectual  
5 disability.
- 6           19. "MD-SSI" means a program for pupils with multiple disabilities  
7 with severe sensory impairment.
- 8           20. "MOID" means programs for pupils with moderate intellectual  
9 disability.
- 10          21. "OI-R" means a resource program for pupils with orthopedic  
11 impairments.
- 12          22. "OI-SC" means a self-contained program for pupils with  
13 orthopedic impairments.
- 14          23. "PSD" means preschool programs for children with disabilities  
15 as provided in section 15-771.
- 16          24. "P-SD" means programs for children who meet the definition of  
17 preschool severe delay as provided in section 15-771.
- 18          25. "Qualifying tax rate" means the qualifying tax rate specified  
19 in section 15-971 applied to the assessed valuation used for primary  
20 property taxes.
- 21          26. "Small isolated school district" means a school district that  
22 meets all of the following:
- 23           (a) Has a student count of fewer than six hundred in kindergarten  
24 programs and grades one through eight or grades nine through twelve.
- 25           (b) Contains no school that is fewer than thirty miles by the most  
26 reasonable route from another school, or, if road conditions and terrain  
27 make the driving slow or hazardous, fifteen miles from another school that  
28 teaches one or more of the same grades and is operated by another school  
29 district in this state.
- 30           (c) Is designated as a small isolated school district by the  
31 superintendent of public instruction.
- 32          27. "Small school district" means a school district that meets all  
33 of the following:
- 34           (a) Has a student count of fewer than six hundred in kindergarten  
35 programs and grades one through eight or grades nine through twelve.
- 36           (b) Contains at least one school that is fewer than thirty miles by  
37 the most reasonable route from another school that teaches one or more of  
38 the same grades and is operated by another school district in this state.
- 39           (c) Is designated as a small school district by the superintendent  
40 of public instruction.
- 41          28. "Transportation revenue control limit" means the transportation  
42 revenue control limit computed as prescribed in section 15-946.
- 43          29. "Transportation support level" means the support level for  
44 pupil transportation operating expenses as provided in section 15-945.
- 45          30. "VI" means programs for pupils with visual impairments.

1           Sec. 10. Section 15-903, Arizona Revised Statutes, is amended to  
2 read:

3           15-903. Budget format; prohibited expenditures; annual report

4           A. The superintendent of public instruction in conjunction with the  
5 auditor general shall prepare and prescribe a budget format to be utilized  
6 by all school districts.

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

24           C. The capital outlay section of the budget shall include a  
25 subsection for unrestricted capital outlay. The unrestricted capital  
26 outlay subsection shall include budgeted expenditures for acquisitions by  
27 purchase, lease-purchase or lease of capital items as defined in the  
28 uniform system of financial records and shall include:

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

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

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

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

39           5. Instructional aids.

40           6. Library books.

41           7. Payment of principal and interest on bonds.

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

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

- 1           1. Special programs to improve academic achievement of pupils in  
2 kindergarten programs and grades one through three as provided in section  
3 15-482.
- 4           2. School plant funds.
- 5           3. Capital outlay budget increases as provided in section 15-481.
- 6           4. Property taxation, including the following:
  - 7           (a) The primary tax rates for the school district for the current  
8 year and the budget year.
  - 9           (b) The secondary tax rates for maintenance and operation, K-3 and  
10 capital overrides for the school district for the current year and the  
11 budget year.
  - 12           (c) The secondary tax rates for class A bonds for the school  
13 district for the current year and the budget year.
  - 14           (d) The secondary tax rates for class B bonds for the school  
15 district for the current year and the budget year.
- 16           5. A description of any corrections or adjustments made to the  
17 budget pursuant to section 15-915.
  - 18           E. The budget format shall also contain:
    - 19           1. A statement identifying proposed pupil-teacher ratios and  
20 pupil-staff ratios relating to the provision of special education services  
21 for the budget year.
    - 22           2. A statement identifying the number of full-time equivalent  
23 certified employees.
      - 24           3. THE PROMINENT DISPLAY OF THE AVERAGE SALARY OF ALL TEACHERS  
25 EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT YEAR. THE SCHOOL DISTRICT  
26 SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME PAGE  
27 SEPARATELY FROM ITS BUDGET.
      - 28           4. THE PROMINENT DISPLAY OF THE AVERAGE SALARY OF ALL TEACHERS  
29 EMPLOYED BY THE SCHOOL DISTRICT FOR THE PREVIOUS YEAR. THE SCHOOL  
30 DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME  
31 PAGE SEPARATELY FROM ITS BUDGET.
      - 32           5. THE PROMINENT DISPLAY OF THE DOLLAR INCREASE IN THE AVERAGE  
33 SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT  
34 YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON  
35 ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.
      - 36           6. THE PROMINENT DISPLAY OF THE PERCENTAGE INCREASE IN THE AVERAGE  
37 SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT  
38 YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON  
39 ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.
    - 40           F. The special projects section shall include budgeted expenditures  
41 for state special projects, including special adult projects, career  
42 education, deficiencies correction fund projects and new school facilities  
43 fund projects, such federal special projects as ESEA title programs,  
44 vocational education and title IV Indian education, and other special  
45 projects.

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

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

9 I. ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF  
10 EDUCATION SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET  
11 COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A  
12 REPORT THAT COMPILES THE INFORMATION REQUIRED BY SUBSECTION E, PARAGRAPHS  
13 3 THROUGH 6 OF THIS SECTION FOR ALL SCHOOL DISTRICTS STATEWIDE.

14 Sec. 11. Section 15-945, Arizona Revised Statutes, is amended to  
15 read:

16 15-945. Transportation support level

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

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

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>
<u>Approved Daily Route Mileage per Eligible Student Transported</u>	<u>State Support Level per Route Mile for Fiscal Year <del>2017-2018</del> 2018-2019</u>
35 0.5 or less	<del>2.59</del> 2.64
36 More than 0.5 through 1.0	<del>2.12</del> 2.16
37 More than 1.0	<del>2.59</del> 2.64

38 6. Add the amount spent during the prior fiscal year for bus tokens  
39 and bus passes for students who qualify as eligible students as defined in  
40 section 15-901.  
41  
42  
43  
44

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

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

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

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

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

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

28 1. Determine the sum of the following:

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

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

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

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

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

11 F. School districts must provide the odometer reading for each bus  
12 as of the end of the current year and the total bus mileage during the  
13 current year.

14 Sec. 12. Section 15-2001, Arizona Revised Statutes, is amended to  
15 read:

16 15-2001. School facilities board; conflict of interest;  
17 violation; classification; change orders;  
18 notification

19 A. The school facilities board is established consisting of the  
20 following members who shall be appointed by the governor pursuant to  
21 section 38-211 in such a manner as to provide for approximate geographic  
22 balance and approximate balance between public and private members:

23 1. One member who is an elected member of a school district  
24 governing board with knowledge and experience in the area of finance.

25 2. One private citizen who represents an organization of taxpayers.

26 3. One member with knowledge and experience in ~~school construction~~  
27 PUBLIC PROCUREMENT.

28 4. One member who is a registered professional architect and who  
29 has current knowledge and experience in school architecture.

30 5. One member with knowledge and experience in school facilities  
31 management in a public school system.

32 6. One member with knowledge and experience in demographics.

33 7. One member who is a teacher and who currently provides classroom  
34 instruction.

35 8. One member who is a registered professional engineer and who has  
36 current knowledge and experience in school engineering.

37 9. One member who is an owner or officer of a private ~~business~~  
38 CONSTRUCTION COMPANY WHOSE BUSINESS DOES NOT INCLUDE SCHOOL CONSTRUCTION.

39 B. In addition to the members appointed pursuant to subsection A of  
40 this section, the superintendent of public instruction or the  
41 superintendent's designee shall serve as an advisory nonvoting member of  
42 the school facilities board.

43 C. The governor shall appoint a chairperson from members appointed  
44 pursuant to subsection A of this section.

1 D. Members of the school facilities board serve ~~four-year~~ FOUR-YEAR  
2 terms. The school facilities board shall meet as often as the members  
3 deem necessary. A majority of the members constitutes a quorum for the  
4 transaction of business.

5 E. The unexcused absence of a member for more than three  
6 consecutive meetings is justification for removal by a majority vote of  
7 the board. If the member is removed, notice shall be given of the removal  
8 pursuant to section 38-292.

9 F. The governor shall fill a vacancy by appointment of a qualified  
10 person as provided in subsection A of this section.

11 G. Members of the board who are employed by government entities are  
12 not eligible to receive compensation. Members of the board who are not  
13 employed by government entities are entitled to payment of one hundred  
14 fifty dollars for each meeting attended, prorated for partial days spent  
15 for each meeting, up to two thousand five hundred dollars each year. All  
16 members are eligible for reimbursement of expenses pursuant to title 38,  
17 chapter 4, article 2. These expenses and the payment of compensation are  
18 payable to a member from monies appropriated to the board from the new  
19 school facilities fund.

20 H. Members AND EMPLOYEES of the school facilities board are subject  
21 to title 38, chapter 3, article 8.

22 I. IN ADDITION TO THE REQUIREMENTS PRESCRIBED IN SUBSECTION H OF  
23 THIS SECTION, EMPLOYEES OF THE SCHOOL FACILITIES BOARD MAY NOT HAVE A  
24 DIRECT OR INDIRECT FINANCIAL INTEREST IN ANY PROPERTY PURCHASED, FACILITY  
25 CONSTRUCTED OR CONTRACT FINANCED WITH MONIES MADE AVAILABLE BY THE BOARD  
26 OR ANY OTHER PUBLIC MONIES. A PERSON WHO KNOWINGLY VIOLATES THIS  
27 SUBSECTION IS GUILTY OF A CLASS 1 MISDEMEANOR.

28 J. THE SCHOOL FACILITIES BOARD SHALL ESTABLISH POLICIES AND  
29 PROCEDURES RELATING TO BUILDING RENEWAL GRANT CHANGE ORDERS THAT INCLUDE  
30 THE FOLLOWING:

31 1. THE BOARD STAFF SHALL APPROVE OR REJECT A CHANGE ORDER WITHIN  
32 TWO BUSINESS DAYS.

33 2. IF A SCHOOL DISTRICT APPROVES WORK REFERENCED IN A CHANGE ORDER  
34 BEFORE THE BOARD APPROVES THE CHANGE ORDER, THE SCHOOL DISTRICT IS  
35 RESPONSIBLE FOR THE COST AND CONSTRUCTION OF THE PROJECT.

36 K. THE SCHOOL FACILITIES BOARD SHALL ESTABLISH POLICIES AND  
37 PROCEDURES TO ENSURE THAT IT NOTIFIES SCHOOL DISTRICTS IN A UNIFORM MANNER  
38 AND AT LEAST ANNUALLY OF THE SERVICES AND FUNDING THAT ARE AVAILABLE FROM  
39 THE BOARD FOR FACILITY CONSTRUCTION, RENOVATION AND REPAIR PROJECTS. THE  
40 BOARD SHALL UPDATE AND POST THIS INFORMATION ON ITS WEBSITE ON OR BEFORE  
41 JULY 1 OF EACH YEAR.

42 L. THE SCHOOL FACILITIES BOARD SHALL ESTABLISH AND MAINTAIN A LIST  
43 OF THE PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT EACH  
44 SCHOOL DISTRICT IN THIS STATE. A SCHOOL DISTRICT SHALL PROMPTLY NOTIFY  
45 THE BOARD OF ANY CHANGE TO PERSONS WHO ARE RESPONSIBLE FOR FACILITIES

1 MANAGEMENT AT THAT SCHOOL DISTRICT. THE BOARD SHALL UPDATE AND POST THIS  
2 INFORMATION ON ITS WEBSITE ON OR BEFORE JULY 1 OF EACH YEAR.

3 M. MEMBERS OF THE SCHOOL FACILITIES BOARD MAY NOT SOLICIT, ACCEPT  
4 OR PROVIDE GIFTS THAT ARE PROHIBITED BY STATE LAW.

5 Sec. 13. Section 15-2002, Arizona Revised Statutes, is amended to  
6 read:

7 15-2002. Powers and duties; executive director; staffing;  
8 reporting requirements

9 A. The school facilities board shall:

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

12 2. Maintain a database of school facilities to administer the  
13 building renewal grant fund and new school facilities formula. The  
14 facilities listed in the database must include all buildings that are  
15 owned by school districts. The school facilities board shall ensure that  
16 the database is updated on at least an annual basis. Each school district  
17 shall report to the school facilities board no later than September 1 of  
18 each year information as required by the school facilities board for the  
19 administration of the building renewal grant fund and computation of new  
20 school facilities formula distributions, including the nature and cost of  
21 major repairs, renovations or physical improvements to or replacement of  
22 building systems or equipment that were made in the previous year and that  
23 were paid for either with local monies or monies provided by the school  
24 facilities board from the building renewal grant fund. Each school  
25 district shall report any school or school buildings that have been  
26 closed, that have been leased to another entity or that operate as a  
27 charter school. The school facilities board may review or audit the  
28 information, or both, to confirm the information submitted by a school  
29 district. Notwithstanding any other provision of this chapter, if a  
30 school district converts space that is listed in the database maintained  
31 pursuant to this paragraph to space that will be used for administrative  
32 purposes, the school district is responsible for any costs associated with  
33 the conversion, maintenance and replacement of that space. If a building  
34 is significantly upgraded or remodeled, the school facilities board shall  
35 adjust the age of that school facility in the database as follows:

36 (a) Determine the building capacity value as follows:

37 (i) Multiply the student capacity of the building by the per pupil  
38 square foot capacity established by section 15-2041.

39 (ii) Multiply the product determined in item (i) of this  
40 subdivision by the cost per square foot established by section 15-2041.

41 (b) Divide the cost of the renovation by the building capacity  
42 value determined in subdivision (a) of this paragraph.

43 (c) Multiply the quotient determined in subdivision (b) of this  
44 paragraph by the currently listed age of the building in the database.

1 (d) Subtract the product determined in subdivision (c) of this  
2 paragraph from the currently listed age of the building in the database,  
3 rounded to the nearest whole number. If the result is a negative number,  
4 use zero.

5 3. Inspect school buildings at least once every five years to  
6 ensure compliance with the building adequacy standards prescribed in  
7 section 15-2011 and routine ~~preventative~~ PREVENTIVE maintenance guidelines  
8 as prescribed in this section with respect to construction of new  
9 buildings and maintenance of existing buildings. The school facilities  
10 board shall randomly select twenty school districts every thirty months  
11 and inspect them pursuant to this paragraph.

12 4. Review and approve student population projections submitted by  
13 school districts to determine to what extent school districts are entitled  
14 to monies to construct new facilities pursuant to section 15-2041. The  
15 board shall make a final determination within five months after the  
16 receipt of an application by a school district for monies from the new  
17 school facilities fund.

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

20 6. Develop prototypical elementary and high school designs. The  
21 board shall review the design differences between the schools with the  
22 highest academic productivity scores and the schools with the lowest  
23 academic productivity scores. The board shall also review the results of  
24 a valid and reliable survey of parent quality rating in the highest  
25 performing schools and the lowest performing schools in this state. The  
26 survey of parent quality rating shall be administered by the department of  
27 education. The board shall consider the design elements of the schools  
28 with the highest academic productivity scores and parent quality ratings  
29 in the development of elementary and high school designs. The board shall  
30 develop separate school designs for elementary, middle and high schools  
31 with varying pupil capacities.

32 7. Develop application forms, reporting forms and procedures to  
33 carry out the requirements of this article. ~~—~~ , INCLUDING DEVELOPING AND  
34 IMPLEMENTING POLICIES AND PROCEDURES TO:

35 (a) ENSURE THAT THE BOARD NOTIFIES SCHOOL DISTRICTS IN A UNIFORM  
36 MANNER OF THE SERVICES AND FUNDING AVAILABLE FOR SCHOOL DISTRICTS FROM THE  
37 BOARD FOR FACILITY CONSTRUCTION, RENOVATION AND REPAIR PROJECTS. THE  
38 POLICIES AND PROCEDURES SHALL REQUIRE THE BOARD TO PROVIDE AT LEAST ONE  
39 ANNUAL COMMUNICATION TO SCHOOL DISTRICTS IN A MANNER PRESCRIBED BY THE  
40 BOARD AND SHALL REQUIRE EACH SCHOOL DISTRICT TO DEVELOP AND MAINTAIN A  
41 LIST OF PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT THAT  
42 SCHOOL DISTRICT.

43 (b) ESTABLISH A PROJECT ELIGIBILITY ASSESSMENT FOR ALL PROJECTS  
44 SUBMITTED FOR BUILDING RENEWAL GRANT FUNDING OR EMERGENCY DEFICIENCIES  
45 CORRECTION FUNDING, INCLUDING ESTABLISHING STANDARDIZED CRITERIA FOR

1 PROJECT ELIGIBILITY. BEFORE THE BOARD FORMALLY APPROVES A PROJECT, THE  
2 STAFF OF THE BOARD MAY REVIEW THE COSTS AND SCOPE OF THE PROPOSED PROJECT  
3 WITH PERSONS AND ENTITIES THAT HAVE SUBMITTED BIDS ON THE PROJECT.

4 (c) ENSURE THAT THE BOARD MAINTAINS STANDARDIZED DOCUMENTATION OF  
5 ALL PROJECTS SUBMITTED TO THE BOARD FOR CONSIDERATION TO RECEIVE SERVICES  
6 OR A FINANCIAL AWARD FROM THE BOARD. THE BOARD SHALL MAINTAIN STANDARDIZED  
7 DOCUMENTATION OF ANY PROJECT AWARDED MONIES BY THE BOARD, INCLUDING  
8 RECORDS OF PAYMENTS TO SCHOOL DISTRICTS IN A MANNER PRESCRIBED BY THE  
9 BOARD. THE STANDARDIZED DOCUMENTATION SHALL INCLUDE THE FOLLOWING AS PART  
10 OF THE ELIGIBILITY DETERMINATION CRITERIA:

11 (i) WHETHER THE PROBLEM THAT THE PROPOSED PROJECT INTENDS TO  
12 ADDRESS CAUSED THE BUILDING OR FACILITY TO FALL BELOW THE MINIMUM SCHOOL  
13 FACILITY ADEQUACY GUIDELINES PRESCRIBED IN SECTION 15-2011.

14 (ii) WHETHER THE SCHOOL DISTRICT PERFORMED THE ROUTINE PREVENTIVE  
15 MAINTENANCE REQUIRED PURSUANT TO SECTION 15-2032 ON THE BUILDING OR  
16 FACILITY.

17 (d) REQUIRE A SCHOOL DISTRICT TO SUBMIT CONTACT INFORMATION FOR  
18 EACH PROPOSED PROJECT, INCLUDING THE NAME, E-MAIL ADDRESS AND TELEPHONE  
19 NUMBER OF PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT THE  
20 SCHOOL DISTRICT.

21 (e) REQUIRE A SCHOOL DISTRICT TO PROVIDE JUSTIFICATION FOR EACH  
22 PROPOSED PROJECT, INCLUDING ALL OF THE FOLLOWING:

23 (i) THE SCHOOL DISTRICT'S USE OR PLANNED USE OF THE FACILITY.

24 (ii) A DETAILED DESCRIPTION OF THE PROBLEM AND THE SCHOOL  
25 DISTRICT'S RECOMMENDED SOLUTION.

26 (iii) ANY COMPLETED PROFESSIONAL STUDY REGARDING THE PROPOSED  
27 PROJECT.

28 (iv) ANY CITATION OR REPORT FROM GOVERNMENT ENTITIES.

29 (v) THE ESTIMATED COST OF THE PROPOSED PROJECT, WITH DOCUMENTATION.

30 (vi) THE PROJECT CATEGORY.

31 (vii) A DESCRIPTION OF ANY LOCAL FUNDING THAT WILL BE USED FOR THE  
32 PROPOSED PROJECT.

33 (viii) DOCUMENTATION ON ASSOCIATED INSURANCE COVERAGE, IF  
34 APPLICABLE.

35 (f) IF THE APPLICATION IS FOR MONIES FROM THE BUILDING RENEWAL  
36 GRANT FUND ESTABLISHED BY SECTION 15-2032, REQUIRE THE SCHOOL DISTRICT TO  
37 REPORT THE PREVENTIVE MAINTENANCE ACTIVITIES COMPLETED DURING THE PREVIOUS  
38 TWELVE MONTHS FOR THE FACILITY FOR WHICH THE MONIES ARE BEING REQUESTED.

39 (g) REQUIRE THAT AN INITIAL APPLICATION NOT BE CONSIDERED COMPLETE  
40 UNTIL ALL NECESSARY INFORMATION IS SUBMITTED.

41 (h) ALLOW A SCHOOL DISTRICT TO SUBMIT AN INCOMPLETE APPLICATION AND  
42 REQUEST TECHNICAL ASSISTANCE FROM THE STAFF OF THE BOARD IF THE SCHOOL  
43 DISTRICT IS UNABLE TO PROVIDE SUFFICIENT INFORMATION IN THE INITIAL  
44 APPLICATION.

1 (i) REQUIRE THAT A COMPLETE APPLICATION BE RECEIVED BY THE BOARD AT  
2 LEAST FIFTEEN BUSINESS DAYS BEFORE THE NEXT REGULARLY SCHEDULED BOARD  
3 MEETING IN ORDER FOR THE APPLICATION TO BE CONSIDERED AT THAT MEETING. AN  
4 INCOMPLETE APPLICATION MAY BE CONSIDERED AT THAT MEETING IF BOTH THE STAFF  
5 OF THE BOARD AND THE SUPERINTENDENT OF THE SCHOOL DISTRICT DEEM THE  
6 PROJECT CRITICAL.

7 (j) ALLOW THE STAFF OF THE BOARD TO NOTIFY A SCHOOL DISTRICT IN  
8 WRITING BEFORE REVIEW BY THE BOARD THAT THE PROPOSED PROJECT DOES NOT MEET  
9 ELIGIBILITY CRITERIA PRESCRIBED IN THIS CHAPTER. THE WRITTEN NOTIFICATION  
10 SHALL INCLUDE DOCUMENTATION TO SUPPORT THE STAFF'S DETERMINATION THAT THE  
11 PROPOSED PROJECT DOES NOT MEET THE ELIGIBILITY CRITERIA PRESCRIBED IN THIS  
12 CHAPTER. THE SCHOOL DISTRICT MAY DIRECTLY APPEAL THE STAFF'S  
13 DETERMINATION OF INELIGIBILITY TO THE EXECUTIVE DIRECTOR OF THE BOARD.  
14 THE SCHOOL DISTRICT MAY DIRECTLY APPEAL THE EXECUTIVE DIRECTOR'S  
15 DETERMINATION OF INELIGIBILITY TO THE BOARD.

16 (k) PROHIBIT THE STAFF OF THE BOARD FROM REQUESTING THAT A SCHOOL  
17 DISTRICT WITHDRAW A PROJECT APPLICATION FROM REVIEW BY THE BOARD IF THE  
18 INITIAL STAFF REVIEW DETERMINES THAT THE PROPOSED PROJECT MAY BE  
19 INELIGIBLE FOR MONIES FROM THE BOARD.

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

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

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

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

32 (c) A summary of the findings and conclusions of the building  
33 maintenance inspections conducted pursuant to this article during the  
34 previous fiscal year.

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

42 10. On or before December 1 of each year, report electronically to  
43 the joint committee on capital review the amounts necessary to fulfill the  
44 requirements of sections 15-2022 and 15-2041 for the following three  
45 fiscal years. In developing the amounts necessary for this report, the

1 school facilities board shall use the most recent average daily membership  
2 data available. On request from the board, the department of education  
3 shall make available the most recent average daily membership data for use  
4 in calculating the amounts necessary to fulfill the requirements of  
5 section 15-2041 for the following three fiscal years. The board shall  
6 provide copies of the report to the president of the senate, the speaker  
7 of the house of representatives and the governor.

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

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

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

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

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

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

1           B. The school facilities board may contract for the following  
2 services in compliance with the procurement practices prescribed in title  
3 41, chapter 23:

- 4           1. Private services.
- 5           2. Construction project management services.
- 6           3. Assessments for school buildings to determine if the buildings  
7 have outlived their useful life pursuant to section 15-2041, subsection G.
- 8           4. Services related to land acquisition and development of a school  
9 site.

10           C. The governor shall appoint an executive director of the school  
11 facilities board pursuant to section 38-211. The executive director is  
12 eligible to receive compensation as determined pursuant to section 38-611  
13 and may hire and fire necessary staff subject to title 41, chapter 4,  
14 article 4 and as approved by the legislature in the budget. The executive  
15 director shall have demonstrated competency in school finance, facilities  
16 design or facilities management, either in private business or government  
17 service. The executive director serves at the pleasure of the governor.  
18 The staff of the school facilities board is exempt from title 41, chapter  
19 4, articles 5 and 6. The executive director:

- 20           1. Shall analyze applications for monies submitted to the board by  
21 school districts.
- 22           2. Shall assist the board in developing forms and procedures for  
23 the distribution and review of applications and the distribution of monies  
24 to school districts.
- 25           3. May review or audit, or both, the expenditure of monies by a  
26 school district for deficiencies corrections and new school facilities.
- 27           4. Shall assist the board in the preparation of the board's annual  
28 report.
- 29           5. Shall research and provide reports on issues of general interest  
30 to the board.
- 31           6. May aid school districts in the development of reasonable and  
32 cost-effective school designs in order to avoid statewide duplicated  
33 efforts and unwarranted expenditures in the area of school design.
- 34           7. May assist school districts in facilitating the development of  
35 multijurisdictional facilities.
- 36           8. Shall assist the board in any other appropriate matter or method  
37 as directed by the members of the board.
- 38           9. Shall establish procedures to ensure compliance with the notice  
39 and hearing requirements prescribed in section 15-905. The notice and  
40 hearing procedures adopted by the board shall include the requirement,  
41 with respect to the board's consideration of any application filed after  
42 July 1, 2001 or after December 31 of the year in which the property  
43 becomes territory in the vicinity of a military airport or ancillary  
44 military facility as defined in section 28-8461 for monies to fund the  
45 construction of new school facilities proposed to be located in territory

1 in the vicinity of a military airport or ancillary military facility, that  
2 the military airport receive notification of the application by first  
3 class mail at least thirty days before any hearing concerning the  
4 application.

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

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

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

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

21 D. When appropriate, the school facilities board shall review and  
22 use the statewide school facilities inventory and needs assessment  
23 conducted by the joint committee on capital review and issued in July,  
24 1995.

25 E. The school facilities board shall contract with one or more  
26 private building inspectors to complete an initial assessment of school  
27 facilities and equipment and shall inspect each school building in this  
28 state at least once every five years to ensure compliance with section  
29 15-2011. A copy of the inspection report, together with any  
30 recommendations for building maintenance, shall be provided to the school  
31 facilities board and the governing board of the school district.

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

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

39 H. The board shall not distribute monies to a school district for  
40 replacement or repair of facilities if the costs associated with the  
41 replacement or repair are covered by insurance or a performance or payment  
42 bond.

43 I. The board may contract for construction services and materials  
44 that are necessary to correct existing deficiencies in school district  
45 facilities. The board may procure the construction services necessary

1 pursuant to this subsection by any method, including  
2 construction-manager-at-risk, design-build, design-bid-build or  
3 job-order-contracting as provided by title 41, chapter 23. The  
4 construction planning and services performed pursuant to this subsection  
5 are exempt from section 41-791.01.

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

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

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

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

29 2. The transferred monies are restored to the fund where the monies  
30 originated as soon as practicable after the temporary shortfall in the  
31 other fund has been addressed.

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

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

44 N. The school facilities board shall not require a common school  
45 district that provides instruction to pupils in grade nine to obtain

1 approval from the school facilities board to reconfigure its school  
2 facilities. A common school district that provides instruction to pupils  
3 in grade nine is not entitled to additional monies from the school  
4 facilities board for facilities to educate pupils in grade nine.

5 0. A SCHOOL DISTRICT MAY APPEAL THE DENIAL OF A REQUEST FOR MONIES  
6 PURSUANT TO THIS CHAPTER OR ANY OTHER APPEALABLE AGENCY ACTION BY THE  
7 SCHOOL FACILITIES BOARD PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10. FOR  
8 THE PURPOSES OF THIS SUBSECTION, "APPEALABLE AGENCY ACTION" HAS THE SAME  
9 MEANING PRESCRIBED IN SECTION 41-1092.

10 Sec. 14. Section 15-2011, Arizona Revised Statutes, as amended by  
11 Laws 2017, chapter 258, section 11 and chapter 304, section 7, is amended  
12 to read:

13 15-2011. Minimum school facility adequacy requirements;  
14 definition

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

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

21 1. The buildings contain sufficient and appropriate space and  
22 equipment that comply with the minimum school facility adequacy guidelines  
23 established pursuant to subsection F of this section. The state shall not  
24 fund facilities for elective courses that require the school district  
25 facilities to exceed minimum school facility adequacy requirements. The  
26 school facilities board shall determine whether a school building meets  
27 the requirements of this paragraph by analyzing the total square footage  
28 that is available for each pupil in conjunction with the need for  
29 specialized spaces and equipment.

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

40 3. The building systems, including roofs, plumbing, telephone  
41 systems, electrical systems, heating systems and cooling systems, are in  
42 working order and are capable of being properly maintained.

43 4. The buildings are structurally sound.

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

4 1. For a school district that provides instruction to pupils in  
5 programs for preschool children with disabilities, kindergarten programs  
6 and grades one through six, eighty square feet per pupil in programs for  
7 preschool children with disabilities, kindergarten programs and grades one  
8 through six.

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

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

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

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

23 6. For a school district that provides instruction to more than one  
24 thousand and up to one thousand eight hundred pupils in grades nine  
25 through twelve, one hundred twelve square feet per pupil in grades nine  
26 through twelve or one hundred twenty thousand square feet, whichever is  
27 more.

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

32 D. The school facilities board may modify the square footage  
33 requirements prescribed in subsection C of this section or modify the  
34 amount of monies awarded to cure the square footage deficiency pursuant to  
35 this section for particular school districts based on extraordinary  
36 circumstances for any of the following considerations:

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

38 2. Geographic factors.

39 3. Grade configurations other than those prescribed in subsection C  
40 of this section.

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

43 1. Use the most recent fortieth day average daily membership.

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

45 (a) Total gross square footage.

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

3 3. Consider the total space available in all schools in use in the  
4 school district, except that the school facilities board shall allow an  
5 exclusion of the square footage for certain schools and the pupils within  
6 the schools' boundaries if the school district demonstrates to the board's  
7 satisfaction unusual or excessive busing of pupils or unusual attendance  
8 boundary changes between schools.

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

13 5. Include all portable and modular buildings.

14 6. Include in the net square footage new construction funded wholly  
15 or partially by the school facilities board based on the square footage  
16 funded by the school facilities board. If the new construction is to  
17 exceed the square footage funded by the school facilities board, the  
18 excess square footage shall not be included in the net square footage if  
19 any of the following applies:

20 (a) The excess square footage was constructed before July 1, 2002  
21 or funded by a class B bond, impact aid revenue bond or capital outlay  
22 override approved by the voters after August 1, 1998 and before June 30,  
23 2002 or funded from unrestricted capital outlay expended before June 30,  
24 2002.

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

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

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

35 8. Include square footage that a school district has leased to  
36 another entity.

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

- 1           1. School sites.
- 2           2. Classrooms.
- 3           3. Libraries and media centers, or both.
- 4           4. Cafeterias.
- 5           5. Auditoriums, multipurpose rooms or other multiuse space.
- 6           6. Technology.
- 7           7. Transportation.
- 8           8. Facilities for science, arts and physical education.
- 9           9. Other facilities and equipment that are necessary and
- 10          appropriate to achieve the academic standards prescribed pursuant to
- 11          section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
- 12          15-701.01.

13           10. Appropriate combinations of facilities or uses listed in this

14          section.

15           G. The board shall consider the facilities and equipment of the

16          schools with the highest academic productivity scores, as prescribed in

17          section 15-2002, subsection A, paragraph 9, subdivision (d), and the

18          highest parent quality ratings in the establishment of the guidelines.

19           H. The school facilities board may consider appropriate

20          combinations of facilities or uses in making assessments of and curing

21          existing deficiencies pursuant to section 15-2002, subsection A, paragraph

22          1 and in certifying plans for new school facilities pursuant to section

23          15-2002, subsection A, paragraph 5.

24           I. IF THE SCHOOL FACILITIES BOARD MAKES ANY CHANGES TO THE MINIMUM

25          ADEQUACY REQUIREMENTS PRESCRIBED IN THIS SECTION, THE BOARD SHALL PROVIDE

26          A FISCAL IMPACT STATEMENT OF THE EFFECT OF THE PROPOSED CHANGES TO THE

27          JOINT COMMITTEE ON CAPITAL REVIEW FOR REVIEW.

28           ~~I.~~ J. For the purposes of this section, "student capacity" means

29          the capacity adjusted to include any additions to or deletions of space,

30          including modular or portable buildings at the school. The school

31          facilities board shall determine the student capacity for each school in

32          conjunction with each school district, recognizing each school's

33          allocation of space as of July 1, 1998, to achieve the academic standards

34          prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13

35          and sections 15-701 and 15-701.01.

36           Sec. 15. Repeal

37           Section 15-2011, Arizona Revised Statutes, as amended by Laws 2017,

38          chapter 258, section 11 and chapter 320, section 5, is repealed.

39           Sec. 16. Section 15-2032, Arizona Revised Statutes, is amended to

40          read:

41           15-2032. School facilities board; building renewal grant

42                                   fund; definitions

43           A. The building renewal grant fund is established consisting of

44          monies appropriated to the fund by the legislature. The school facilities

45          board shall administer the fund and distribute monies to school districts

1 for the purpose of maintaining the adequacy of existing school facilities.  
2 Monies in the fund are exempt from the provisions of section 35-190  
3 relating to lapsing of appropriations.

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

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

16 1. Major renovations and repairs to a building THAT IS USED FOR  
17 STUDENT INSTRUCTION OR OTHER ACADEMIC PURPOSES.

18 2. Upgrading systems and areas that will maintain or extend the  
19 useful life of the building.

20 3. Infrastructure costs.

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

23 1. New construction.

24 2. Remodeling interior space for aesthetic or preferential reasons.

25 3. Exterior beautification.

26 4. Demolition.

27 5. Routine ~~preventative~~ PREVENTIVE maintenance.

28 6. Any project in a building, or part of a building, that is being  
29 leased to another entity.

30 E. Accommodation schools are not eligible for monies from the  
31 building renewal grant fund.

32 F. If the school facilities board or a court of competent  
33 jurisdiction determines that a school district received monies from the  
34 building renewal grant fund that must be reimbursed to the school  
35 facilities board due to legal action associated with improper construction  
36 by a hired contractor, the school district shall reimburse the school  
37 facilities board an agreed-on amount for deposit into the building renewal  
38 grant fund.

39 G. THE SCHOOL FACILITIES BOARD SHALL CATEGORIZE EACH PROJECT THAT  
40 IS ELIGIBLE FOR MONIES FROM THE BUILDING RENEWAL GRANT FUND AS EITHER  
41 CRITICAL OR NONCRITICAL. THE BOARD SHALL ADOPT POLICIES AND PROCEDURES TO  
42 PRIORITIZE CRITICAL PROJECTS AND TO DESIGNATE CRITICAL PROJECTS AS  
43 PROJECTS THAT IMMEDIATELY IMPACT STUDENT SAFETY OR BUILDING CLOSURES OR  
44 THAT RESULT IN OPERATIONAL DISRUPTIONS. CRITICAL PROJECTS HAVE PRIORITY  
45 OVER ANY PREVIOUSLY APPROVED NONCRITICAL PROJECTS.

1 H. IF THE SCHOOL FACILITIES BOARD DETERMINES THAT SUFFICIENT MONIES  
2 ARE NOT AVAILABLE FOR A NONCRITICAL PROJECT THAT THE BOARD HAS APPROVED,  
3 THE BOARD SHALL NOTIFY THE SCHOOL DISTRICT THAT SUBMITTED THE PROJECT  
4 REQUEST THAT MONIES WILL BE DISTRIBUTED FROM THE BUILDING RENEWAL GRANT  
5 FUND FOR THE PROJECT ONLY IF THE LEGISLATURE APPROPRIATES SUFFICIENT  
6 MONIES. IF SUFFICIENT MONIES ARE NOT AVAILABLE IN THE FISCAL YEAR IN  
7 WHICH THE PROJECT IS AWARDED FOR A NONCRITICAL PROJECT, THE NONCRITICAL  
8 PROJECT DOES NOT RECEIVE PRIORITY IN THE NEXT FISCAL YEAR.

9 I. BUILDING RENEWAL GRANTS PURSUANT TO THIS SECTION SHALL BE USED  
10 ONLY FOR PROJECTS THAT SERVE AN ACADEMIC PURPOSE.

11 ~~G.~~ J. For the purposes of this section:

12 1. "Primary building renewal projects" means projects that are  
13 necessary for buildings owned by school districts that are required to  
14 meet the minimum adequacy standards for student capacity and that fall  
15 below the minimum school facility adequacy guidelines, as adopted by the  
16 school facilities board pursuant to section 15-2011, for school districts  
17 that have provided routine ~~preventative~~ PREVENTIVE maintenance to the  
18 school facility.

19 2. "Routine ~~preventative~~ PREVENTIVE maintenance" means services  
20 that are performed on a regular schedule at intervals ranging from four  
21 times a year to once every three years, or on the schedule of services  
22 recommended by the manufacturer of the specific building system or  
23 equipment, and that are intended to extend the useful life of a building  
24 system and reduce the need for major repairs.

25 3. "Student capacity" has the same meaning prescribed in section  
26 15-2011.

27 Sec. 17. Section 15-2041, Arizona Revised Statutes, is amended to  
28 read:

29 15-2041. New school facilities fund; capital plan; report

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

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

42 1. Enrollment projections for the next five years for elementary  
43 schools and eight years for middle and high schools, including a  
44 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 July 1 and shall request monies from the  
25 new school facilities fund for the new construction or land. The school  
26 facilities board may require a school district to sell land that was  
27 previously purchased entirely with monies provided by the school  
28 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~~ ARE in addition to any monies provided pursuant to subsection D  
33 of this section.

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

36          1. The school facilities board shall review and evaluate the  
37 enrollment projections. On or before December 1 OF EACH YEAR, following  
38 the 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  
45 in revising the enrollment projections. In determining new construction

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

11 2. If the most recent fortieth day average daily membership during  
12 the current school year indicates that additional space would not have  
13 been needed during the current school year in order to meet the building  
14 adequacy standards prescribed in section 15-2011, the request shall be  
15 held for consideration by the school facilities board for possible future  
16 funding and the school district shall annually submit an updated plan  
17 until the additional space is needed.

18 3. If the most recent fortieth day average daily membership during  
19 the current school year indicates that additional space would have been  
20 needed during the current school year in order to meet the building  
21 adequacy standards prescribed in section 15-2011, the school facilities  
22 board shall provide an amount as follows:

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

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

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

3 (ii) Geographic factors.

4 (iii) Grade configurations other than those prescribed in this  
5 subdivision.

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

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

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

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

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

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

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

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

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

17 1. Donations of real property, services or cash from any of the  
18 following:

19 (a) Entities that have offered to provide construction services to  
20 the school district.

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

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

24 (d) Entities that develop land for residential use in that school  
25 district.

26 2. Monies received from the school facilities board on behalf of  
27 the school district.

28 3. Monies paid by the school facilities board on behalf of the  
29 school district.

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

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

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

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

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

37 L. The school facilities board shall establish a separate account  
38 in the new school facilities fund designated as the litigation account to  
39 pay attorney fees, expert witness fees and other costs associated with  
40 litigation in which the school facilities board pursues the recovery of  
41 damages for deficiencies correction that resulted from alleged  
42 construction defects or design defects that the school facilities board  
43 believes caused or contributed to a failure of the school building to  
44 conform to the building adequacy requirements prescribed in section  
45 15-2011. Attorney fees paid pursuant to this subsection shall not exceed

1 the market rate for similar types of litigation. On or before December 1  
2 of each year, the school facilities board shall report to the joint  
3 committee on capital review the costs associated with current and  
4 potential litigation that may be paid from the litigation account.

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

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

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

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

43 Q. If the school facilities board approves a school district for  
44 funding from the new school facilities fund and the full legislative  
45 appropriation is not available to the school district in the fiscal year

1 following the approval by the school facilities board, the school district  
2 may use any legally available monies to pay for the land or the new  
3 construction project approved by the school facilities board and may  
4 reimburse the fund from which the monies were used in subsequent years  
5 with legislative appropriations when those appropriations are made  
6 available by this state.

7 Sec. 18. Section 41-1279.03, Arizona Revised Statutes, is amended  
8 to read:

9 41-1279.03. Powers and duties

10 A. The auditor general shall:

11 1. Prepare an audit plan for approval by the committee and report  
12 to the committee the results of each audit and investigation and other  
13 reviews conducted by the auditor general.

14 2. Conduct or cause to be conducted at least biennial financial and  
15 compliance audits of financial transactions and accounts kept by or for  
16 all state agencies subject to the single audit act of 1984 (P.L. 98-502).  
17 The audits shall be conducted in accordance with generally accepted  
18 governmental auditing standards and accordingly shall include tests of the  
19 accounting records and other auditing procedures as may be considered  
20 necessary in the circumstances. The audits shall include the issuance of  
21 suitable reports as required by the single audit act of 1984 (P.L. 98-502)  
22 so THAT the legislature, THE federal government and others will be  
23 informed as to the adequacy of financial statements of the state in  
24 compliance with generally accepted governmental accounting principles and  
25 to determine whether the state has complied with laws and regulations that  
26 may have a material effect on the financial statements and on major  
27 federal assistance programs.

28 3. Perform procedural reviews for all state agencies at times  
29 determined by the auditor general. These reviews may include evaluation  
30 of administrative and accounting internal controls and reports on these  
31 reviews.

32 4. Perform special research requests, special audits and related  
33 assignments as designated by the committee and conduct performance audits,  
34 special audits, special research requests and investigations of any state  
35 agency, whether created by the constitution or otherwise, as may be  
36 requested by the committee.

37 5. Annually on or before the fourth Monday of December, prepare a  
38 written report to the governor and to the committee that contains a  
39 summary of activities for the previous fiscal year.

40 6. In the tenth year and in each fifth year thereafter in which a  
41 transportation excise tax is in effect in a county as provided in section  
42 42-6106 or 42-6107, conduct a performance audit that:

43 (a) Reviews past expenditures and future planned expenditures of  
44 the transportation excise revenues and determines the impact of the  
45 expenditures in solving transportation problems within the county and, for

1 a transportation excise tax in effect in a county as provided in section  
2 42-6107, determines whether the expenditures of the transportation excise  
3 revenues comply with section 28-6392, subsection B.

4 (b) Reviews projects completed to date and projects to be completed  
5 during the remaining years in which a transportation excise tax is in  
6 effect. Within six months after each review period, the auditor general  
7 shall present a report to the speaker of the house of representatives and  
8 the president of the senate detailing findings and making recommendations.

9 (c) Reviews, determines, reports and makes recommendations to the  
10 speaker of the house of representatives and the president of the senate  
11 whether the distribution of highway user revenues complies with title 28,  
12 chapter 18, article 2.

13 7. If requested by the committee, conduct performance audits of  
14 counties and incorporated cities and towns receiving highway user revenue  
15 fund monies pursuant to title 28, chapter 18, article 2 to determine if  
16 the monies are being spent as provided in section 28-6533, subsection B.

17 8. Perform special audits designated pursuant to law if the auditor  
18 general determines that there are adequate monies appropriated for the  
19 auditor general to complete the audit. If the auditor general determines  
20 the appropriated monies are inadequate, the auditor general shall notify  
21 the committee.

22 9. Establish a ~~school-wide~~ SCHOOLWIDE audit team in the office of  
23 the auditor general to conduct performance audits and monitor school  
24 districts to determine the percentage of every dollar spent in the  
25 classroom by ~~a~~ THE school district. EACH SCHOOL DISTRICT SHALL  
26 PROMINENTLY POST ON ITS WEBSITE HOME PAGE A COPY OF ITS PROFILE PAGES THAT  
27 DISPLAYS THE PERCENTAGE OF EVERY DOLLAR SPENT IN THE CLASSROOM BY THAT  
28 SCHOOL DISTRICT FROM THE MOST RECENT STATUS REPORT ISSUED BY THE AUDITOR  
29 GENERAL PURSUANT TO THIS PARAGRAPH. The performance audits shall  
30 determine whether school districts that receive monies from the Arizona  
31 structured English immersion fund established by section 15-756.04 and the  
32 statewide compensatory instruction fund established by section 15-756.11  
33 are in compliance with title 15, chapter 7, article 3.1. The auditor  
34 general shall determine, through random selection, the school districts to  
35 be audited each year, subject to review by the joint legislative audit  
36 committee. A school district that is subject to an audit pursuant to this  
37 paragraph shall notify the auditor general in writing as to whether the  
38 school district agrees or disagrees with the findings and recommendations  
39 of the audit and whether the school district will implement the findings  
40 and recommendations, implement modifications to the findings and  
41 recommendations or refuse to implement the findings and recommendations.  
42 The school district shall submit to the auditor general a written status  
43 report on the implementation of the audit findings and recommendations  
44 every six months for two years after an audit conducted pursuant to this  
45 paragraph. The auditor general shall review the school district's

1 progress toward implementing the findings and recommendations of the audit  
2 every six months after receipt of the district's status report for two  
3 years. The auditor general may review a school district's progress beyond  
4 this two-year period for recommendations that have not yet been  
5 implemented by the school district. The auditor general shall provide a  
6 status report of these reviews to the joint legislative audit committee.  
7 The school district shall participate in any hearing scheduled during this  
8 review period by the joint legislative audit committee or by any other  
9 legislative committee designated by the joint legislative audit committee.

10 10. Annually review per diem compensation and reimbursement of  
11 expenses for employees of the state and members of a state board,  
12 commission, council or advisory committee by judgmentally selecting  
13 samples and evaluating the propriety of per diem compensation and expense  
14 reimbursements.

15 B. The auditor general may:

16 1. Subject to approval by the committee, adopt rules necessary to  
17 administer the duties of the office.

18 2. Hire consultants to conduct the studies required by subsection  
19 A, paragraphs 6 and 7 of this section.

20 C. If approved by the committee, the auditor general may charge a  
21 reasonable fee for the cost of performing audits or providing accounting  
22 services for auditing federal funds, special audits or special services  
23 requested by political subdivisions of the state. Monies collected  
24 pursuant to this subsection shall be deposited in the audit services  
25 revolving fund.

26 D. The department of transportation, the board of supervisors of a  
27 county that has approved a county transportation excise tax as provided in  
28 section 42-6106 or 42-6107 and the governing bodies of counties, cities  
29 and towns receiving highway user revenue fund monies shall cooperate with  
30 and provide necessary information to the auditor general or the auditor  
31 general's consultant.

32 E. The department of transportation shall reimburse the auditor  
33 general as follows, and the auditor general shall deposit the reimbursed  
34 monies in the audit services revolving fund:

35 1. For the cost of conducting the studies or hiring a consultant to  
36 conduct the studies required by subsection A, paragraph 6, subdivisions  
37 (a) and (b) of this section, from monies collected pursuant to a county  
38 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

39 2. For the cost of conducting the studies or hiring a consultant  
40 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of  
41 this section, from the Arizona highway user revenue fund.

42 Sec. 19. Repeal

43 Section 41-3018.19, Arizona Revised Statutes, is repealed.

1           Sec. 20. Title 41, chapter 27, article 2, Arizona Revised Statutes,  
2 is amended by adding section 41-3022.18, to read:

3           41-3022.18. School facilities board; termination July 1, 2022

4           A. THE SCHOOL FACILITIES BOARD TERMINATES ON JULY 1, 2022.

5           B. TITLE 15, CHAPTER 16, ARTICLES 1, 2, 3, 4, 5, 6, 7, 8 AND 9 AND  
6 THIS SECTION ARE REPEALED ON JANUARY 1, 2023 ONLY IF EITHER:

7           1. THE BOARD HAS NO OUTSTANDING STATE SCHOOL FACILITIES REVENUE  
8 BONDS ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 6, NO OUTSTANDING  
9 STATE SCHOOL IMPROVEMENT REVENUE BONDS ISSUED PURSUANT TO TITLE 15,  
10 CHAPTER 16, ARTICLE 7 AND NO OUTSTANDING LEASE-TO-OWN TRANSACTIONS  
11 PURSUANT TO SECTIONS 15-2004, 15-2005 AND 15-2006.

12           2. THE LEGISLATURE HAS OTHERWISE PROVIDED FOR PAYING OR RETIRING  
13 ANY OUTSTANDING STATE SCHOOL FACILITIES REVENUE BONDS, ANY OUTSTANDING  
14 STATE SCHOOL IMPROVEMENT REVENUE BONDS AND ANY OUTSTANDING LEASE-TO-OWN  
15 TRANSACTIONS.

16           C. IF NEITHER OF THE CONDITIONS IN SUBSECTION B OF THIS SECTION  
17 HAVE OCCURRED ON OR BEFORE JANUARY 1, 2023, TITLE 15, CHAPTER 16, ARTICLES  
18 1, 2, 3, 4, 5, 6, 7, 8 AND 9 AND THIS SECTION ARE REPEALED THIRTY DAYS  
19 AFTER THE RETIREMENT OF ALL REVENUE BONDS ISSUED PURSUANT TO TITLE 15,  
20 CHAPTER 16, ARTICLES 6 AND 7 AND ANY OUTSTANDING LEASE-TO-OWN TRANSACTIONS  
21 ISSUED PURSUANT TO SECTIONS 15-2004, 15-2005 AND 15-2006.

22           Sec. 21. Purpose

23           Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,  
24 the legislature continues the school facilities board to evaluate the  
25 capital needs of school districts and to distribute monies to school  
26 districts to cure existing deficiencies and to provide for building  
27 renewal and the construction of new facilities.

28           Sec. 22. E-rate broadband special construction project  
29 matching fund program; remaining monies; eligible  
30 applicants

31           Notwithstanding any other law, the corporation commission shall make  
32 available to eligible applicants as currently defined by rule any  
33 remaining monies currently collected for the e-rate broadband special  
34 construction project matching fund program after the 2018 e-rate  
35 procurement cycle.

36           Sec. 23. New school facilities fund; distribution; fiscal  
37 year 2018-2019

38           Notwithstanding section 15-2041, Arizona Revised Statutes, as  
39 amended by this act, the school facilities board may distribute to a  
40 school district in fiscal year 2018-2019 the amount of \$825,000 from the  
41 new school facilities fund established by section 15-2041, Arizona Revised  
42 Statutes, as amended by this act, for new school construction if the  
43 school district meets all of the following:

44           1. Is located in a county with a population of one hundred thousand  
45 persons or more but less than two hundred thousand persons.



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

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

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

15 Sec. 28. Additional assistance funding for charter schools:  
16 reductions

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

- 27 1. For fiscal year 2018-2019, \$13,628,800.
- 28 2. For fiscal year 2019-2020, \$10,221,600.
- 29 3. For fiscal year 2020-2021, \$6,814,400.
- 30 4. For fiscal year 2021-2022, \$3,407,200.
- 31 5. For fiscal year 2022-2023 and each fiscal year thereafter,  
32 \$0.00.

33 Sec. 29. General budget limit increase; minimum qualifying  
34 tax rate district; fiscal year 2018-2019

35 The general budget limit for a school district that in fiscal year  
36 2017-2018 was subject to the additional tax in districts ineligible for  
37 equalization assistance pursuant to section 15-992, Arizona Revised  
38 Statutes, and that in fiscal year 2016-2017 had a total attending average  
39 daily membership count of at least five thousand pupils according to the  
40 annual report of the superintendent of public instruction for fiscal year  
41 2016-2017 shall be increased by \$1,500,000 in fiscal year 2018-2019 above  
42 the amounts that otherwise would be computed pursuant to section 15-947,  
43 Arizona Revised Statutes.

1           Sec. 30. Auditor general; special audit; school facilities  
2                                   board; building renewal grant fund expenditures;  
3                                   delayed repeal

4           A. The auditor general shall complete a special audit pursuant to  
5 section 41-1279.03, Arizona Revised Statutes, of the school facilities  
6 board building renewal grant fund expenditures for the period of July 1,  
7 2016 through June 30, 2018. The special audit shall include a review of  
8 applicable records of the school facilities board, school districts and  
9 county school superintendents and any other necessary information to:

10           1. Assess the building renewal grant process, including reviewing  
11 grant applications, requests for and distribution of monies, grant  
12 closeout forms and the proposed scopes of work, including school district,  
13 school facilities board and vendor participation and roles in developing  
14 these proposed scopes of work.

15           2. Assess the vendor selection, procurement, contracting and  
16 oversight processes for projects funded by the building renewal grant  
17 fund.

18           3. Provide building renewal grant program details, including the  
19 number of project requests and awards, number and types of districts and  
20 schools receiving awards, types of projects, total grant monies awarded  
21 and number and types of vendors performing projects funded with building  
22 renewal grant fund monies.

23           4. Audit work in any other areas deemed necessary by the auditor  
24 general.

25           5. Recommend improvements, as appropriate, for the processes listed  
26 in this subsection.

27           B. The school facilities board, school districts and county school  
28 superintendents shall cooperate with and provide information and records  
29 to the auditor general to facilitate the completion of the special audit.

30           C. On or before June 30, 2019, the auditor general shall submit  
31 copies of the special audit to the president of the senate, the speaker of  
32 the house of representatives, the joint legislative budget committee and  
33 the governor's office of strategic planning and budgeting. The auditor  
34 general shall provide a copy of the special audit to the secretary of  
35 state.

36           D. This section is repealed from and after December 31, 2019.

37           Sec. 31. Retroactivity

38           Section 41-3018.19, Arizona Revised Statutes, as repealed by this  
39 act, and section 41-3022.18, Arizona Revised Statutes, as added by this  
40 act, are effective retroactively to from and after July 1, 2018.

41           Sec. 32. Effective date

42           Section 15-213.04, Arizona Revised Statutes, as added by this act,  
43 is effective from and after June 30, 2019.

H.B. 2663

APPROVED BY THE GOVERNOR MAY 3, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 3, 2018.