

Senate Engrossed
charter schools; teachers; funding

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SENATE BILL 1068

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 4. Equalization assistance for the charter school shall be
18 determined by adding the amount of the base support level and charter
19 additional assistance. The amount of the charter additional assistance is
20 \$1,897.90 per student count in preschool programs for children with
21 disabilities, kindergarten programs and grades one through eight and
22 \$2,211.97 per student count in grades nine through twelve.

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

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

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

38 C. If a pupil is enrolled in both a charter school and a public
39 school that is not a charter school, the sum of the daily membership,
40 which includes enrollment as prescribed in section 15-901, subsection A,
41 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed
42 in section 15-901, subsection A, paragraph 5, for that pupil in the school
43 district and the charter school shall not exceed 1.0. If a pupil is
44 enrolled in both a charter school and a public school that is not a
45 charter school, the department of education shall direct the average daily

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

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

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

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

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

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

41 G. At the request of a charter school, the county school
42 superintendent of the county where the charter school is located may
43 provide the same educational services to the charter school as prescribed
44 in section 15-308, subsection A. The county school superintendent may

1 charge a fee to recover costs for providing educational services to
2 charter schools.

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

21 I. In addition to the withholding of state aid payments pursuant to
22 subsection H of this section, the sponsor of a charter school may impose a
23 civil penalty of \$1,000 per occurrence if a charter school fails to comply
24 with the fingerprinting requirements prescribed in section 15-183,
25 subsection C or section 15-512. The sponsor of a charter school shall not
26 impose a civil penalty if it is the first time the charter school is out
27 of compliance with the fingerprinting requirements and if the charter
28 school provides proof within forty-eight hours after written notification
29 that an application for the appropriate fingerprint check has been
30 received by the department of public safety. The sponsor of the charter
31 school shall obtain proof that the charter school has been notified, and
32 the notification shall identify the date of the deadline and shall be
33 signed by both parties. The sponsor of a charter school shall
34 automatically impose a civil penalty of \$1,000 per occurrence if the
35 sponsor determines that the charter school subsequently violates the
36 fingerprinting requirements. Civil penalties pursuant to this subsection
37 shall be assessed by requesting the department of education to reduce the
38 amount of state aid that the charter school would otherwise receive by an
39 amount equal to the civil penalty. The amount of state aid withheld shall
40 revert to the state general fund at the end of the fiscal year.

41 J. A charter school may receive and spend monies distributed by the
42 department of education pursuant to section 42-5029, subsection E, section
43 42-5029.02, subsection A and section 37-521, subsection B.

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

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

17 M. The governing body of a charter school shall transmit a copy of
18 its proposed budget or the summary of the proposed budget and a notice of
19 the public hearing to the department of education for posting on the
20 department of education's website not later than ten days before the
21 hearing and meeting. If the charter school maintains a website, the
22 charter school governing body shall post on its website a copy of its
23 proposed budget or the summary of the proposed budget and a notice of the
24 public hearing.

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

29 O. If allowed by federal law, a charter school may opt out of
30 federal grant opportunities if the charter holder or the appropriate
31 governing body of the charter school determines that the federal
32 requirements impose unduly burdensome reporting requirements.

33 P. EACH CHARTER SCHOOL IS ELIGIBLE TO COMPUTE AND RECEIVE FUNDING
34 FOR THE TEACHER EXPERIENCE INDEX PURSUANT TO SECTION 15-941.
35 NOTWITHSTANDING SECTION 15-941, FOR THE PURPOSE OF COMPUTING AND RECEIVING
36 FUNDING FOR THE TEACHER EXPERIENCE INDEX PURSUANT TO SECTION 15-941 FOR A
37 CHARTER SCHOOL, ALL FTE TEACHERS AT THE CHARTER SCHOOL SHALL BE INCLUDED
38 IN THE CALCULATION REGARDLESS OF CERTIFICATION STATUS.

39 Q. EACH CHARTER SCHOOL IS ELIGIBLE TO CALCULATE AND RECEIVE FUNDING
40 FOR ADDITIONAL TEACHER COMPENSATION PURSUANT TO SECTION 15-952.
41 NOTWITHSTANDING SECTION 15-952, SUBSECTION D, PARAGRAPH 2, FOR THE PURPOSE
42 OF COMPUTING AND RECEIVING FUNDING FOR ADDITIONAL TEACHER COMPENSATION
43 PURSUANT TO SECTION 15-952 FOR A CHARTER SCHOOL, "TEACHER COMPENSATION"
44 MEANS SALARIES AND EMPLOYEE FRINGE BENEFITS AND OTHER NONSALARY BENEFITS
45 FOR ALL TEACHERS REGARDLESS OF CERTIFICATION STATUS. FOR THE PURPOSE OF

1 SECTION 15-952, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (a), ITEMS (i) AND
2 (ii), THE CHARTER SCHOOL SHALL SUBMIT TO THE STATE BOARD EVIDENCE OF BOTH
3 OF THE FOLLOWING:

4 1. THAT THE CHARTER SCHOOL'S TEACHER PERFORMANCE EVALUATION SYSTEM
5 MEETS THE SAME STANDARDS RECOMMENDED BY THE STATE BOARD FOR SCHOOL
6 DISTRICTS AS PRESCRIBED IN SECTION 15-537.

7 2. THAT THE PERSONS EVALUATING TEACHERS FOR RETENTION DECISIONS
8 MEET THE MINIMUM QUALIFICATIONS FOR EVALUATORS RECOMMENDED BY THE STATE
9 BOARD FOR SCHOOL DISTRICTS AS PRESCRIBED IN SECTION 15-537.

10 ~~P.~~ R. For the purposes of this section, "monies intended for the
11 basic maintenance and operations of the school" means monies intended to
12 provide support for the educational program of the school, except that it
13 does not include supplemental assistance for a specific purpose or title
14 VIII of the elementary and secondary education act of 1965 monies. The
15 auditor general shall determine which federal or state monies meet this
16 definition.