

REFERENCE TITLE: K-12; school funding; revisions

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1495

Introduced by
Senators Bennett: Carroll, Kavanagh, Mesnard, Shope

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 6; AMENDING SECTIONS 15-808 AND 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.04; AMENDING SECTIONS 15-924, 15-947, 15-971, 15-992, 15-2402 AND 41-1276, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(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~~ USE THE STATE STUDENT FUNDING FORMULA
17 PRESCRIBED IN SECTION 15-901.04, except that:—

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

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

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

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

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

34 ~~(iv)~~ (d) The charter holder holds more than one charter in this
35 state.

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

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

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

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

18 ~~4. Equalization assistance for the charter school shall be~~
 19 ~~determined by adding the amount of the base support level and charter~~
 20 ~~additional assistance. The amount of the charter additional assistance is~~
 21 ~~\$1,985.58 per student count in preschool programs for children with~~
 22 ~~disabilities, kindergarten programs and grades one through eight and~~
 23 ~~\$2,314.16 per student count in grades nine through twelve.~~

24 ~~5.~~ 4. The state board of education shall apportion state aid from
 25 the appropriations made for such purposes to the state treasurer for
 26 disbursement to the charter schools in each county in an amount as
 27 determined by this paragraph. The apportionments shall be made as
 28 prescribed in section 15-973, subsection B.

29 ~~6.~~ 5. The charter school shall not charge tuition for pupils who
 30 reside in this state, levy taxes or issue bonds. A charter school may
 31 admit pupils who are not residents of this state and shall charge tuition
 32 for those pupils in the same manner prescribed in section 15-823.

33 ~~7.~~ 6. Not later than noon on the day preceding each apportionment
 34 date established ~~by~~ PURSUANT TO paragraph ~~5~~ 4 of this subsection, the
 35 superintendent of public instruction shall furnish to the state treasurer
 36 an abstract of the apportionment and shall certify the apportionment to
 37 the department of administration, which shall draw its warrant in favor of
 38 the charter schools for the amount apportioned.

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

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

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

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

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

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

42 ~~G.~~ F. At the request of a charter school, the county school
 43 superintendent of the county where the charter school is located may
 44 provide the same educational services to the charter school as prescribed
 45 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~~ G. 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 ~~F~~ H. In addition to the withholding of state aid payments
22 pursuant to subsection ~~H~~ G of this section, the sponsor of a charter
23 school may impose a civil penalty of \$1,000 per occurrence if a charter
24 school fails to comply with the fingerprinting requirements prescribed in
25 section 15-183, subsection C or section 15-512. The sponsor of a charter
26 school shall not impose a civil penalty if it is the first time the
27 charter school is out of compliance with the fingerprinting requirements
28 and if the charter school provides proof within forty-eight hours after
29 written notification that an application for the appropriate fingerprint
30 check has been received by the department of public safety. The sponsor
31 of the charter school shall obtain proof that the charter school has been
32 notified, and the notification shall identify the date of the deadline and
33 shall be 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~~ I. A charter school may receive and spend monies distributed by
42 the department of education pursuant to section 42-5029, subsection E,
43 section 42-5029.02, subsection A and section 37-521, subsection B.

44 ~~K~~ J. If a school district transports or contracts to transport
45 pupils to the Arizona state schools for the deaf and the blind during any

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

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

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

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

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

31 ~~P.~~ O. For the purposes of this section, "monies intended for the
32 basic maintenance and operations of the school" means monies intended to
33 provide support for the educational program of the school, except that it
34 does not include supplemental assistance for a specific purpose or title
35 VIII of the elementary and secondary education act of 1965 monies. The
36 auditor general shall determine which federal or state monies meet this
37 definition.

38 Sec. 2. Title 15, chapter 4, Arizona Revised Statutes, is amended
39 by adding article 6, to read:

40 ARTICLE 6. STATE STUDENT FUNDING FORMULA

41 15-495. School districts; state student funding formula;
42 election; reversion to standard school finance
43 formula

44 A. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT THAT PROVIDES
45 INSTRUCTION TO STUDENTS IN ANY COMBINATION OF KINDERGARTEN PROGRAMS AND

1 GRADES ONE THROUGH TWELVE MAY ELECT TO USE THE STATE STUDENT FUNDING
2 FORMULA PRESCRIBED IN SECTION 15-901.04 TO DETERMINE THE SCHOOL DISTRICT'S
3 DISTRICT SUPPORT LEVEL IF THE SCHOOL DISTRICT DOES NOT HAVE AN OVERRIDE IN
4 PLACE PURSUANT TO SECTION 15-481 OR 15-482 AND EITHER OF THE FOLLOWING
5 APPLIES:

6 1. THE SCHOOL DISTRICT DOES NOT OWE ANY DEBT SERVICE PAYMENTS ON
7 ANY CLASS A OR CLASS B BOND.

8 2. THE SCHOOL DISTRICT HAS FOUR OR FEWER REMAINING FISCAL YEARS IN
9 WHICH IT IS SCHEDULED TO MAKE PAYMENTS ON ANY CLASS A OR CLASS B BOND.

10 B. A SCHOOL DISTRICT THAT IS ELIGIBLE UNDER SUBSECTION A OF THIS
11 SECTION MAY ELECT TO USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN
12 SECTION 15-901.04 PURSUANT TO THE FOLLOWING:

13 1. IF THE ESTIMATED TOTAL SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE
14 WILL BE LESS THAN OR EQUAL TO THE PRIOR YEAR TOTAL SCHOOL DISTRICT PRIMARY
15 PROPERTY TAX RATE, THE SCHOOL DISTRICT GOVERNING BOARD MAY DO EITHER OF
16 THE FOLLOWING:

17 (a) VOTE AT A GOVERNING BOARD MEETING TO USE THE STATE STUDENT
18 FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04.

19 (b) CALL AN ELECTION TO SUBMIT TO THE VOTERS THE QUESTION OF
20 WHETHER THE SCHOOL DISTRICT SHOULD USE THE STATE STUDENT FUNDING FORMULA
21 PRESCRIBED IN SECTION 15-901.04.

22 2. IF THE ESTIMATED TOTAL SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE
23 WILL BE GREATER THAN THE PRIOR YEAR TOTAL SCHOOL DISTRICT PRIMARY PROPERTY
24 TAX RATE, THE SCHOOL DISTRICT GOVERNING BOARD MAY CALL AN ELECTION TO
25 SUBMIT TO THE VOTERS THE QUESTION OF WHETHER THE SCHOOL DISTRICT SHOULD
26 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04.

27 3. IF THE SCHOOL DISTRICT GOVERNING BOARD CALLS AN ELECTION
28 PURSUANT TO PARAGRAPH 1 OR 2 OF THIS SUBSECTION, THE QUESTION MUST BE
29 SUBMITTED TO A VOTE OF THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS
30 PRESCRIBED IN SECTION 15-401 AND SUBJECT TO SECTION 15-402. THE QUESTION
31 SUBMITTED TO THE QUALIFIED ELECTORS MUST DESCRIBE THE TAX RATE THAT IS
32 ASSOCIATED WITH USING THE STATE STUDENT FUNDING FORMULA AND THE ESTIMATED
33 COST OF THAT TAX RATE FOR THE OWNER OF A SINGLE-FAMILY HOME THAT IS VALUED
34 AT \$200,000. THE SCHOOL DISTRICT GOVERNING BOARD SHALL ORDER THE ELECTION
35 TO BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER AS
36 PRESCRIBED IN SECTION 16-204, SUBSECTION F.

37 4. IF THE SCHOOL DISTRICT IS AUTHORIZED TO USE THE STATE STUDENT
38 FUNDING FORMULA PURSUANT TO PARAGRAPH 1 OR 2 OF THIS SUBSECTION, THE
39 SCHOOL DISTRICT SHALL USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN
40 SECTION 15-901.04 AND SHALL NO LONGER USE THE STANDARD SCHOOL FINANCE
41 FORMULA BEGINNING IN THE NEXT FISCAL YEAR FOLLOWING THE AUTHORIZATION.

42 C. A SCHOOL DISTRICT THAT IS USING THE STATE STUDENT FUNDING
43 FORMULA MAY NOT:

1 1. USE ANY OTHER SOURCE OF PROPERTY TAX-GENERATED FUNDING OTHER
2 THAN THE STATE STUDENT FUNDING FORMULA, INCLUDING FUNDING GENERATED
3 PURSUANT TO ANY OF THE FOLLOWING:

- 4 (a) SECTION 15-481.
- 5 (b) SECTION 15-482.
- 6 (c) SECTION 15-910.
- 7 (d) SECTION 15-946.
- 8 (e) SECTION 15-949.
- 9 (f) SECTION 15-954.
- 10 (g) SECTION 15-995.
- 11 (h) CHAPTER 9, ARTICLE 7 OF THIS TITLE.

12 2. APPLY FOR OR RECEIVE ANY FUNDING FROM THE DIVISION OF SCHOOL
13 FACILITIES WITHIN THE DEPARTMENT OF ADMINISTRATION OR THE SCHOOL
14 FACILITIES OVERSIGHT BOARD, EXCEPT THAT A SCHOOL DISTRICT MAY RECEIVE
15 FUNDING FOR NEW SCHOOL FACILITIES PURSUANT TO SECTION 41-5741.

16 3. RECEIVE DISTRICT ADDITIONAL ASSISTANCE PURSUANT TO SECTION
17 15-961.

18 D. IF A SCHOOL DISTRICT APPROVES THE USE OF THE STATE STUDENT
19 FUNDING FORMULA AS PRESCRIBED IN SUBSECTION B OF THIS SECTION AND THE
20 SCHOOL DISTRICT GOVERNING BOARD SUBSEQUENTLY DECIDES BY A MAJORITY VOTE OF
21 ITS MEMBERS TO REVERT TO THE STANDARD SCHOOL FINANCE FORMULA, THE SCHOOL
22 DISTRICT GOVERNING BOARD SHALL CALL AN ELECTION TO DETERMINE THE QUESTION
23 OF WHETHER TO NO LONGER USE THE STATE STUDENT FUNDING FORMULA AS
24 PRESCRIBED IN SECTION 15-901.04 AND TO REVERT TO THE STANDARD SCHOOL
25 FINANCE FORMULA. THE QUESTION SHALL BE SUBMITTED TO A VOTE OF THE
26 QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS PRESCRIBED IN SECTION 15-401
27 AND SUBJECT TO SECTION 15-402. THE SCHOOL DISTRICT GOVERNING BOARD SHALL
28 ORDER THE ELECTION TO BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY
29 IN NOVEMBER AS PRESCRIBED IN SECTION 16-204, SUBSECTION F. IF A MAJORITY
30 OF THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT WHO VOTE ON THE QUESTION
31 VOTE TO NO LONGER USE THE STATE STUDENT FUNDING FORMULA AS PRESCRIBED IN
32 SECTION 15-901.04 AND TO REVERT TO THE STANDARD SCHOOL FINANCE FORMULA,
33 THE SCHOOL DISTRICT MAY USE ALL OTHER AVAILABLE FUNDING AUTHORIZED BY LAW
34 IN THE NEXT FISCAL YEAR FOLLOWING THE ELECTION HELD PURSUANT TO THIS
35 SUBSECTION. A SCHOOL DISTRICT MAY NOT SUBMIT A QUESTION FOR AN OVERRIDE
36 OR CLASS A OR CLASS B BOND ALONG WITH A QUESTION TO OPT OUT OF THE STATE
37 STUDENT FUNDING FORMULA IN THE SAME ELECTION.

38 E. FOR THE PURPOSES OF THIS SECTION, SCHOOL DISTRICT DOES NOT
39 INCLUDE A CAREER TECHNICAL EDUCATION DISTRICT AS DEFINED IN SECTION
40 15-391.

41 Sec. 3. Section 15-808, Arizona Revised Statutes, is amended to
42 read:

43 15-808. Arizona online instruction; reports; definitions

44 A. Arizona online instruction shall be instituted to meet the needs
45 of pupils in the information age. The state board of education shall

1 select district public schools and state-approved charter authorizers
2 shall sponsor charter schools to be online course providers or online
3 schools. The state board of education and state-approved charter
4 authorizers shall develop standards for the approval of online course
5 providers and online schools based on the following criteria:

- 6 1. The depth and breadth of curriculum choices.
- 7 2. The variety of educational methodologies employed by the school
8 and the means of addressing the unique needs and learning styles of
9 targeted pupil populations, including computer-assisted learning systems,
10 virtual classrooms, virtual laboratories, electronic field trips, ~~e-mail~~
11 EMAIL, virtual tutoring, online help desk, group chat sessions and
12 noncomputer-based activities performed under the direction of a
13 certificated teacher.
- 14 3. The availability of an intranet or private network to safeguard
15 pupils against predatory and pornographic elements of the internet.
- 16 4. The availability of filtered research access to the internet.
- 17 5. The availability of private individual ~~e-mail~~ EMAIL between
18 pupils, teachers, administrators and parents in order to protect the
19 confidentiality of pupil records and information.
- 20 6. The availability of faculty members who are experienced with
21 computer networks, the internet and computer animation.
- 22 7. The extent to which the school intends to develop partnerships
23 with universities, community colleges and private businesses.
- 24 8. The services offered to populations with developmental
25 disabilities.
- 26 9. The grade levels that will be served.

27 B. Each new school that provides online instruction shall provide
28 online instruction on a probationary status. After a new school that
29 provides online instruction has clearly demonstrated the academic
30 integrity of its instruction through the actual improvement of the
31 academic performance of its students, the school may apply to be removed
32 from probationary status. The state board of education or the
33 state-approved charter authorizer that sponsored the charter school shall
34 remove from Arizona online instruction any probationary school that fails
35 to clearly demonstrate improvement in academic performance within three
36 years measured against goals in the approved application and the state's
37 accountability system. All pupils who participate in Arizona online
38 instruction shall reside in this state. Pupils who participate in Arizona
39 online instruction are subject to the testing requirements prescribed in
40 chapter 7, article 3 of this title. On enrollment, the school shall
41 notify the parents or guardians of the pupil of the state testing
42 requirements. If a pupil fails to comply with the testing requirements
43 and the school administers the tests pursuant to this subsection to less
44 than ninety-five percent of the pupils in Arizona online instruction, the
45 pupil shall not be allowed to participate in Arizona online instruction.

1 C. The state board of education and state-approved charter
2 authorizers shall develop annual reporting mechanisms for schools that
3 participate in Arizona online instruction.

4 D. The department of education shall compile the information
5 submitted in the annual reports by schools participating in Arizona online
6 instruction. The department of education shall submit the compiled report
7 to the governor, the speaker of the house of representatives and the
8 president of the senate by November 15 of each year.

9 E. Each school selected for Arizona online instruction shall ensure
10 that a daily log is maintained for each pupil who participates in Arizona
11 online instruction. The daily log shall describe the amount of time spent
12 by each pupil participating in Arizona online instruction pursuant to this
13 section on academic tasks. The daily log shall be used by the school
14 district or charter school to qualify the pupils who participate in
15 Arizona online instruction in the school's average daily attendance
16 calculations pursuant to subsection F of this section.

17 F. If a pupil is enrolled in a school district or charter school
18 and also participates in Arizona online instruction, the sum of the
19 average daily membership, which includes enrollment as prescribed in
20 section 15-901, subsection A, paragraph 1, subdivisions (a) and (b) and
21 daily attendance as prescribed in section 15-901, subsection A, paragraph
22 5, for that pupil in the school district or charter school and in Arizona
23 online instruction shall not exceed 1.0. If the pupil is enrolled in a
24 school district or a charter school and also participates in Arizona
25 online instruction and the sum of the daily membership or daily attendance
26 for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and
27 shall be apportioned between the school district, unless the school
28 district is a career technical education district subject to the
29 apportionment requirements of section 15-393, or charter school and
30 Arizona online instruction based on the percentage of total time that the
31 pupil is enrolled or in attendance in the school district or charter
32 school and Arizona online instruction. The uniform system of financial
33 records shall include guidelines for the apportionment of the pupil
34 enrollment and attendance as provided in this subsection. Pupils in
35 Arizona online instruction do not incur absences for purposes of this
36 subsection and may generate an average daily attendance of 1.0 for
37 attendance hours during any hour of the day, during any day of the week
38 and at any time between July 1 and June 30 of each fiscal year. For
39 kindergarten programs and grades one through eight, average daily
40 membership shall be calculated by dividing the instructional hours as
41 reported in the daily log required in subsection E of this section by the
42 applicable hourly requirements prescribed in section 15-901. For grades
43 nine through twelve, average daily membership shall be calculated by
44 dividing the instructional hours as reported in the daily log required in
45 subsection E of this section by nine hundred. The average daily

1 membership of a pupil who participates in online instruction shall not
2 exceed 1.0. Average daily membership shall not be calculated on the one
3 hundredth day of instruction for the purposes of this section. Funding
4 shall be determined as follows:

5 1. A pupil who is enrolled full-time in Arizona online instruction
6 shall be funded for online instruction at ninety-five percent of the base
7 support level that would be calculated for that pupil if that pupil were
8 enrolled as a full-time student in a school district or charter school
9 that does not participate in Arizona online instruction. ~~Charter~~ STATE
10 additional assistance and district additional assistance shall be
11 calculated in the same manner they would be calculated if the student were
12 enrolled in a district or charter school that does not participate in
13 Arizona online instruction.

14 2. A pupil who is enrolled part-time in Arizona online instruction
15 shall be funded for online instruction at eighty-five percent of the base
16 support level that would be calculated for that pupil if that pupil were
17 enrolled as a part-time student in a school district or charter school
18 that does not participate in Arizona online instruction. ~~Charter~~ STATE
19 additional assistance and district additional assistance shall be
20 calculated in the same manner they would be calculated if the student were
21 enrolled in a district or charter school that does not participate in
22 Arizona online instruction.

23 G. If the academic achievement of a pupil declines while the pupil
24 is participating in Arizona online instruction, the pupil's parents, the
25 pupil's teachers and the principal or head teacher of the school shall
26 confer to evaluate whether the pupil should be allowed to continue to
27 participate in Arizona online instruction.

28 H. To ensure the academic integrity of pupils who participate in
29 online instruction, Arizona online instruction shall include multiple
30 diverse assessment measures and the proctored administration of required
31 state standardized tests.

32 I. A school district or charter school may not charge a fee to a
33 pupil who takes an examination in a particular course to obtain academic
34 credit, pursuant to section 15-701.01, subsection I, from the school
35 district or charter school if the academic credit for a course was
36 previously earned in an Arizona online instruction course or at any public
37 school in this state. Any test administered pursuant to this subsection
38 shall be an assessment that is aligned to the course-relevant state
39 academic standards.

40 J. For the purposes of this section:

41 1. "Full-time student" means:

42 (a) A student who is at least five years of age before September 1
43 of a school year and who is enrolled in a school kindergarten program that
44 meets at least three hundred forty-six hours during the school year.

1 (b) A student who is at least six years of age before September 1
2 of a school year, who has not graduated from the highest grade taught in
3 the school and who is regularly enrolled in a course of study required by
4 the state board of education. For first, second and third grade students,
5 the instructional program shall meet at least seven hundred twelve
6 hours. For fourth, fifth and sixth grade students, the instructional
7 program shall meet at least eight hundred ninety hours during the school
8 year.

9 (c) Seventh and eighth grade students or ungraded students who are
10 at least twelve, but under fourteen, years of age on or before September 1
11 and who are enrolled in an instructional program of courses that meets at
12 least one thousand sixty-eight hours during the school year.

13 (d) For high schools, a student who has not graduated from the
14 highest grade taught in the school district, or an ungraded student who is
15 at least fourteen years of age on or before September 1, and who is
16 enrolled in at least four courses throughout the year that meet at least
17 nine hundred hours during the school year. A full-time student shall not
18 be counted more than once for computation of average daily membership.

19 2. "Online course provider" means a school other than an online
20 school that is selected by the state board of education or a
21 state-approved charter authorizer to participate in Arizona online
22 instruction pursuant to this section and that provides at least one online
23 academic course that is approved by the state board of education.

24 3. "Online school" means a school that provides at least four
25 online academic courses or one or more online courses for the equivalent
26 of at least five hours each day for one hundred eighty school days and
27 that is a charter school that is sponsored by a state-approved charter
28 authorizer or a district public school that is selected by the state board
29 of education to participate in Arizona online instruction.

30 4. "Part-time student" means:

31 (a) Any student who is enrolled in a program that does not meet the
32 definition in paragraph 1 of this subsection shall be funded at
33 eighty-five percent of the base support level that would be calculated for
34 that pupil if that pupil were enrolled as a part-time student in a school
35 district or charter school that does not participate in Arizona online
36 instruction.

37 (b) A part-time student of seventy-five percent average daily
38 membership shall be enrolled in at least three subjects throughout the
39 year that offer for first, second and third grade students at least five
40 hundred thirty-four instructional hours in a school year and for fourth,
41 fifth and sixth grade students at least six hundred sixty-eight
42 instructional hours in a school year. A part-time student of fifty
43 percent average daily membership shall be enrolled in at least two
44 subjects throughout the year that offer for first, second and third grade
45 students at least three hundred fifty-six instructional hours in a school

1 year and for fourth, fifth and sixth grade students at least four hundred
2 forty-five instructional hours in a school year. A part-time student of
3 twenty-five percent average daily membership shall be enrolled in at least
4 one subject throughout the year that offers for first, second and third
5 grade students at least one hundred seventy-eight instructional hours in a
6 school year and for fourth, fifth and sixth grade students at least two
7 hundred twenty-three instructional hours in a school year.

8 (c) For seventh and eighth grade students, a part-time student of
9 seventy-five percent average daily membership shall be enrolled in at
10 least three subjects throughout the year that offer at least eight hundred
11 one instructional hours in a school year. A part-time student of fifty
12 percent average daily membership shall be enrolled in at least two
13 subjects throughout the year that offer at least five hundred thirty-four
14 instructional hours in a school year. A part-time student of twenty-five
15 percent average daily membership shall be enrolled in at least one subject
16 throughout the year that offers at least two hundred sixty-seven
17 instructional hours in a school year.

18 (d) For high school students, a part-time student of seventy-five
19 percent average daily membership shall be enrolled in at least three
20 subjects throughout the year that offer at least six hundred seventy-five
21 instructional hours in a school year. A part-time student of fifty
22 percent average daily membership shall be enrolled in at least two
23 subjects throughout the year that offer at least four hundred fifty
24 instructional hours in a school year. A part-time student of twenty-five
25 percent average daily membership shall be enrolled in at least one subject
26 throughout the year that offers at least two hundred twenty-five
27 instructional hours in a school year.

28 5. "State-approved charter authorizer" means any charter school
29 sponsor authorized pursuant to section 15-183.

30 Sec. 4. Heading changes

31 A. The chapter heading of title 15, chapter 9, Arizona Revised
32 Statutes, is changed from "SCHOOL DISTRICT BUDGETING AND FINANCIAL
33 ASSISTANCE" to "SCHOOL BUDGETING AND FINANCIAL ASSISTANCE".

34 B. The article heading of title 15, chapter 9, article 1, Arizona
35 Revised Statutes, is changed from "GENERAL PROVISIONS FOR SCHOOL DISTRICT
36 BUDGETS" to "GENERAL PROVISIONS".

37 Sec. 5. Section 15-901, Arizona Revised Statutes, is amended to
38 read:

39 15-901. Definitions

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

41 1. "Average daily membership" means the total enrollment of
42 fractional students and full-time students, minus withdrawals, of each
43 school day through the first one hundred days or two hundred days in
44 session, as applicable, for the current year. Withdrawals include
45 students who are formally withdrawn from schools and students who are

1 absent for ten consecutive school days, except for excused absences
2 identified by the department of education. For the purposes of this
3 section, school districts and charter schools shall report student absence
4 data to the department of education at least once every sixty days in
5 session. For computation purposes, the effective date of withdrawal shall
6 be retroactive to the last day of actual attendance of the student or
7 excused absence. A school district or charter school may satisfy any of
8 the time and hours requirements prescribed in this subsection in any
9 manner prescribed in the school district's or charter school's
10 instructional time model adopted under section 15-901.08.

11 (a) "Fractional student" means:

12 (i) For common schools, a preschool child who is enrolled in a
13 program for preschool children with disabilities of at least three hundred
14 sixty minutes each week that meets at least two hundred sixteen hours over
15 the minimum number of days or a kindergarten student who is at least five
16 years of age before January 1 of the school year and enrolled in a school
17 kindergarten program that meets at least three hundred fifty-six hours for
18 a one hundred eighty-day school year, or the instructional hours
19 prescribed in this section. In computing the average daily membership,
20 preschool children with disabilities and kindergarten students shall be
21 counted as one-half of a full-time student. For common schools, a
22 part-time student is a student enrolled for less than the total time for a
23 full-time student as defined in this section. A part-time common school
24 student shall be counted as one-fourth, one-half or three-fourths of a
25 full-time student if the student is enrolled in an instructional program
26 that is at least one-fourth, one-half or three-fourths of the time a
27 full-time student is enrolled as defined in subdivision (b) of this
28 paragraph. The hours in which a student is scheduled to attend a common
29 school during the regular school day shall be included in the calculation
30 of the average daily membership for that student.

31 (ii) For high schools, a part-time student who is enrolled in less
32 than four subjects that count toward graduation as defined by the state
33 board of education, each of which, if taught each school day for the
34 minimum number of days required in a school year, would meet a minimum of
35 one hundred twenty-three hours a year, or the equivalent, in a recognized
36 high school. The average daily membership of a part-time high school
37 student shall be 0.75 if the student is enrolled in an instructional
38 program of three subjects that meet at least five hundred forty hours for
39 a one hundred eighty-day school year, or the instructional hours
40 prescribed in this section. The average daily membership of a part-time
41 high school student shall be 0.5 if the student is enrolled in an
42 instructional program of two subjects that meet at least three hundred
43 sixty hours for a one hundred eighty-day school year, or the instructional
44 hours prescribed in this section. The average daily membership of a
45 part-time high school student shall be 0.25 if the student is enrolled in

1 an instructional program of one subject that meets at least one hundred
2 eighty hours for a one hundred eighty-day school year, or the
3 instructional hours prescribed in this section. The hours in which a
4 student is scheduled to attend a high school during the regular school day
5 shall be included in the calculation of the average daily membership for
6 that student.

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

8 (i) For common schools, a student who is at least six years of age
9 before January 1 of a school year, who has not graduated from the highest
10 grade taught in the school district and who is regularly enrolled in a
11 course of study required by the state board of education. First, second
12 and third grade students or ungraded group B children with disabilities
13 who are at least five, but under six, years of age by September 1 must be
14 enrolled in an instructional program that meets for a total of at least
15 seven hundred twelve hours for a one hundred eighty-day school year, or
16 the instructional hours prescribed in this section. Fourth, fifth, sixth,
17 seventh and eighth grade students must be enrolled in an instructional
18 program that meets for a total of at least eight hundred ninety hours for
19 a one hundred eighty-day school year, or the instructional hours
20 prescribed in this section, including the equivalent number of
21 instructional hours for schools that operate on a one hundred
22 forty-four-day school year. The hours in which a student is scheduled to
23 attend a common school during the regular school day shall be included in
24 the calculation of the average daily membership for that student.

25 (ii) For high schools, a student who has not graduated from the
26 highest grade taught in the school district and who is enrolled in at
27 least an instructional program of four or more subjects that count toward
28 graduation as defined by the state board of education, each of which, if
29 taught each school day for the minimum number of days required in a school
30 year, would meet a minimum of one hundred twenty-three hours a year, or
31 the equivalent, that meets for a total of at least seven hundred twenty
32 hours for a one hundred eighty-day school year, or the instructional hours
33 prescribed in this section in a recognized high school. A full-time
34 student shall not be counted more than once for computation of average
35 daily membership. The average daily membership of a full-time high school
36 student shall be 1.0 if the student is enrolled in at least four subjects
37 that meet at least seven hundred twenty hours for a one hundred eighty-day
38 school year, or the equivalent instructional hours prescribed in this
39 section. The hours in which a student is scheduled to attend a high
40 school during the regular school day shall be included in the calculation
41 of the average daily membership for that student.

42 (iii) If a child who has not reached five years of age before
43 September 1 of the current school year is admitted to kindergarten and
44 repeats kindergarten in the following school year, a school district or
45 charter school is not eligible to receive basic state aid on behalf of

1 that child during the child's second year of kindergarten. If a child who
2 has not reached five years of age before September 1 of the current school
3 year is admitted to kindergarten but does not remain enrolled, a school
4 district or charter school may receive a portion of basic state aid on
5 behalf of that child in the subsequent year. A school district or charter
6 school may charge tuition for any child who is ineligible for basic state
7 aid pursuant to this item.

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

11 (v) Except as otherwise provided by law, for any student who is
12 concurrently enrolled in a school district and a charter school, the
13 average daily membership shall be apportioned between the school district
14 and the charter school and shall not exceed 1.0. The apportionment shall
15 be based on the percentage of total time that the student is enrolled in
16 or in attendance at the school district and the charter school.

17 (vi) Except as otherwise provided by law, for any student who is
18 concurrently enrolled, pursuant to section 15-808, in a school district
19 and Arizona online instruction or a charter school and Arizona online
20 instruction, the average daily membership shall be apportioned between the
21 school district and Arizona online instruction or the charter school and
22 Arizona online instruction and shall not exceed 1.0. The apportionment
23 shall be based on the percentage of total time that the student is
24 enrolled in or in attendance at the school district and Arizona online
25 instruction or the charter school and Arizona online instruction.

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

28 (c) "Regular school day" means the regularly scheduled class
29 periods intended for instructional purposes. Instructional purposes may
30 include core subjects, elective subjects, lunch, study halls, music
31 instruction and other classes that advance the academic instruction of
32 pupils. Instructional purposes do not include athletic practices or
33 extracurricular clubs and activities.

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

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

39 (a) Grades one through eight.

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

41 4. "Current year" means the fiscal year in which a school district
42 is operating.

43 5. "Daily attendance" means:

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

1 (i) Of a kindergarten program or ungraded, but not group B children
 2 with disabilities, who is at least five, but under six, years of age by
 3 September 1 attends at least three-quarters of the instructional time
 4 scheduled for the day. If the total instruction time scheduled for the
 5 year is at least three hundred fifty-six hours but is less than seven
 6 hundred twelve hours, such attendance shall be counted as one-half day of
 7 attendance. If the instructional time scheduled for the year is at least
 8 six hundred ninety-two hours, "daily attendance" means days in which a
 9 pupil attends at least one-half of the instructional time scheduled for
 10 the day. Such attendance shall be counted as one-half day of attendance.
 11 A school district or charter school may satisfy any of the time and hours
 12 requirements prescribed in this item in any manner prescribed in the
 13 school district's or charter school's instructional time model adopted
 14 under section 15-901.08.

15 (ii) Of the first, second or third grades attends more than
 16 three-quarters of the instructional time scheduled for the day. A school
 17 district or charter school may satisfy any of the time and hours
 18 requirements prescribed in this item in any manner prescribed in the
 19 school district's or charter school's instructional time model adopted
 20 under section 15-901.08.

21 (iii) Of the fourth, fifth or sixth grades attends more than
 22 three-quarters of the instructional time scheduled for the day, except as
 23 provided in section 15-797. A school district or charter school may
 24 satisfy any of the time and hours requirements prescribed in this item in
 25 any manner prescribed in the school district's or charter school's
 26 instructional time model adopted under section 15-901.08.

27 (iv) Of the seventh or eighth grades attends more than
 28 three-quarters of the instructional time scheduled for the day, except as
 29 provided in section 15-797. A school district or charter school may
 30 satisfy any of the time and hours requirements prescribed in this item in
 31 any manner prescribed in the school district's or charter school's
 32 instructional time model adopted under section 15-901.08.

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

38 (i) If attendance for all pupils in the school is based on quarter
 39 days, the attendance of a pupil shall be counted as one-fourth of a day's
 40 attendance for each one-fourth of full-time instructional time attended.
 41 A school district or charter school may satisfy any of the time and hours
 42 requirements prescribed in this item in any manner prescribed in the
 43 school district's or charter school's instructional time model adopted
 44 under section 15-901.08.

1 (ii) If attendance for all pupils in the school is based on half
2 days, the attendance of at least three-quarters of the instructional time
3 scheduled for the day shall be counted as a full day's attendance and
4 attendance at a minimum of one-half but less than three-quarters of the
5 instructional time scheduled for the day equals one-half day of
6 attendance. A school district or charter school may satisfy any of the
7 time and hours requirements prescribed in this item in any manner
8 prescribed in the school district's or charter school's instructional time
9 model adopted under section 15-901.08.

10 (c) For common schools, the attendance of a preschool child with
11 disabilities shall be counted as one-fourth day's attendance for each
12 thirty-six minutes of attendance, except as provided in paragraph 1,
13 subdivision (a), item (i) of this subsection for children with
14 disabilities up to a maximum of three hundred sixty minutes each week. A
15 school district or charter school may satisfy any of the time and hours
16 requirements prescribed in this subdivision in any manner prescribed in
17 the school district's or charter school's instructional time model adopted
18 under section 15-901.08.

19 (d) For high schools, the attendance of a pupil shall not be
20 counted as a full day unless the pupil is actually and physically in
21 attendance and enrolled in and carrying four subjects, each of which, if
22 taught each school day for the minimum number of days required in a school
23 year, would meet a minimum of one hundred twenty-three hours a year, or
24 the equivalent, that count toward graduation in a recognized high school
25 except as provided in section 15-797 and subdivision (e) of this
26 paragraph. Attendance of a pupil carrying less than the load prescribed
27 shall be prorated. A school district or charter school may satisfy any of
28 the time and hours requirements prescribed in this subdivision in any
29 manner prescribed in the school district's or charter school's
30 instructional time model adopted under section 15-901.08.

31 (e) For high schools, the attendance of a pupil may be counted as
32 one-fourth of a day's attendance for each sixty minutes of instructional
33 time in a subject that counts toward graduation, except that attendance
34 for a pupil shall not exceed the pupil's full or fractional membership. A
35 school district or charter school may satisfy any of the time and hours
36 requirements prescribed in this subdivision in any manner prescribed in
37 the school district's or charter school's instructional time model adopted
38 under section 15-901.08.

39 (f) For homebound or hospitalized, a full day of attendance may be
40 counted for each day during a week in which the student receives at least
41 four hours of instruction. A school district or charter school may
42 satisfy any of the time and hours requirements prescribed in this
43 subdivision in any manner prescribed in the school district's or charter
44 school's instructional time model adopted under section 15-901.08.

1 (g) For school districts that maintain school for an approved
2 year-round school year operation, attendance shall be based on a
3 computation, as prescribed by the superintendent of public instruction, of
4 the one hundred eighty days' equivalency or two hundred days' equivalency,
5 as applicable, of instructional time as approved by the superintendent of
6 public instruction during which each pupil is enrolled. A school district
7 or charter school may satisfy any of the time and hours requirements
8 prescribed in this subdivision in any manner prescribed in the school
9 district's or charter school's instructional time model adopted under
10 section 15-901.08.

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

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

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

25 7. "District support level" means:

26 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
27 FORMULA, the base support level plus the transportation support level.

28 (b) FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
29 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE SUPPORT LEVEL.

30 8. "Eligible students" means:

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

35 (i) For common school students, whose place of actual residence
36 within the school district is more than one mile from the school facility
37 of attendance or students who are admitted pursuant to section 15-816.01
38 and who meet the economic eligibility requirements established under the
39 national school lunch and child nutrition acts (42 United States Code
40 sections 1751 through 1793) for free or reduced-price lunches and whose
41 actual place of residence outside the school district boundaries is more
42 than one mile from the school facility of attendance.

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

1 section 15-816.01 and who meet the economic eligibility requirements
2 established under the national school lunch and child nutrition acts
3 (42 United States Code sections 1751 through 1793) for free or
4 reduced-price lunches and whose actual place of residence outside the
5 school district boundaries is more than one and one-half miles from the
6 school facility of attendance.

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

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

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

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

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

25 11. "High school district" means a political subdivision of this
26 state offering instruction to students for grades nine through twelve or
27 that portion of the budget of a common school district that is allocated
28 to teaching high school subjects with permission of the state board of
29 education.

30 12. "Instructional hours" or "instructional time" means hours or
31 time spent pursuant to an instructional time model adopted under section
32 15-901.08.

33 13. "Revenue control limit" means:

34 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
35 FORMULA, the base revenue control limit plus the transportation revenue
36 control limit.

37 (b) FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
38 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE REVENUE CONTROL
39 LIMIT.

40 14. "Student count" means average daily membership as prescribed in
41 this subsection for the fiscal year before the current year, except that
42 for the purpose of budget preparation student count means average daily
43 membership as prescribed in this subsection for the current year.

44 15. "Submit electronically" means submitted in a format and in a
45 manner prescribed by the department of education.

1 16. "Total bus mileage" means the total number of miles driven by
2 all buses of a school district during the school year.

3 17. "Total students transported" means all eligible students
4 transported from their place of residence to a school transportation
5 pickup point or to the school of attendance and from the school of
6 attendance or from the school transportation scheduled return point to
7 their place of residence.

8 18. "Unified school district" means a political subdivision of this
9 state offering instruction to students in programs for preschool children
10 with disabilities and kindergarten programs and grades one through twelve.

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

12 1. "Base" means the revenue level per student count specified by
13 the legislature.

14 2. "Base level" means the following amounts plus the percentage
15 increase to the base level as provided in section 15-902.04:

16 (a) For fiscal year 2020-2021, \$4,305.73.

17 (b) For fiscal year 2021-2022, \$4,390.65.

18 (c) For fiscal year 2022-2023, \$4,775.27.

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. "FRPL" means students who meet the eligibility requirements
2 established under the national school lunch and child nutrition acts
3 (42 United States Code sections 1751 through 1793) for free or
4 reduced-price lunches, or an equivalent measure recognized for
5 participating in the federal free and reduced-price lunch program and
6 other school programs dependent on a poverty measure, including the
7 community eligibility provision for which free and reduced-price lunch
8 data is not available.

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

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

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

16 12. "G" means educational programs for gifted pupils who score at
17 or above the ninety-seventh percentile, based on national norms, on a test
18 adopted by the state board of education.

19 13. "Group A" means educational programs for career exploration, a
20 specific learning disability, an emotional disability, a mild intellectual
21 disability, remedial education, a speech/language impairment,
22 developmental delay, homebound pupils, bilingual pupils and pupils with
23 other health impairments.

24 14. "Group B" means educational improvements for pupils in
25 kindergarten programs and grades one through three, educational programs
26 for autism, a hearing impairment, a moderate intellectual disability,
27 multiple disabilities, multiple disabilities with severe sensory
28 impairment, orthopedic impairments, preschool severe delay, a severe
29 intellectual disability and emotional disabilities for school age pupils
30 enrolled in private special education programs or in school district
31 programs for children with severe disabilities or visual impairment,
32 English learners enrolled in a program to promote English language
33 proficiency pursuant to section 15-752 and students who meet the
34 eligibility requirements established under the national school lunch and
35 child nutrition acts (42 United States Code sections 1751 through 1793)
36 for free or reduced-price lunches, or an equivalent measure recognized for
37 participating in the federal free and reduced-price lunch program and
38 other school programs dependent on a poverty measure, including the
39 community eligibility provision for which free and reduced-price lunch
40 data is not available.

41 15. "HI" means programs for pupils with hearing impairment.

42 16. "Homebound" or "hospitalized" means a pupil who is capable of
43 profiting from academic instruction but is unable to attend school due to
44 illness, disease, accident or other health conditions, who has been
45 examined by a competent medical doctor and who is certified by that doctor

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

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

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

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

20 20. "MD-SC, A-SC and SID-SC" means self-contained programs for
21 pupils with multiple disabilities, autism and severe intellectual
22 disability.

23 21. "MD-SSI" means a program for pupils with multiple disabilities
24 with severe sensory impairment.

25 22. "MOID" means programs for pupils with moderate intellectual
26 disability.

27 23. "OI-R" means a resource program for pupils with orthopedic
28 impairments.

29 24. "OI-SC" means a self-contained program for pupils with
30 orthopedic impairments.

31 25. "PSD" means preschool programs for children with disabilities
32 as provided in section 15-771.

33 26. "P-SD" means programs for children who meet the definition of
34 preschool severe delay as provided in section 15-771.

35 27. "Qualifying tax rate" means the qualifying tax rate specified
36 in section 15-971 applied to the assessed valuation used for primary
37 property taxes.

38 28. "Small isolated school district" means a school district that
39 meets all of the following:

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

42 (b) Contains no school that is fewer than thirty miles by the most
43 reasonable route from another school, or, if road conditions and terrain
44 make the driving slow or hazardous, fifteen miles from another school that

1 teaches one or more of the same grades and is operated by another school
2 district in this state.

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

5 29. "Small school district" means a school district that meets all
6 of the following:

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

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

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

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

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

18 32. "VI" means programs for pupils with visual impairments.

19 Sec. 6. Title 15, chapter 9, article 1, Arizona Revised Statutes,
20 is amended by adding section 15-901.04, to read:

21 15-901.04. State student funding formula; calculation

22 A. THE STATE STUDENT FUNDING FORMULA IS ESTABLISHED FOR SCHOOL
23 DISTRICTS THAT ELECT TO USE THIS FUNDING FORMULA PURSUANT TO SECTION
24 15-495 AND FOR CHARTER SCHOOLS. EACH SCHOOL DISTRICT THAT USES THE STATE
25 STUDENT FUNDING FORMULA AND EACH CHARTER SCHOOL SHALL:

26 1. CALCULATE A BASE SUPPORT LEVEL AS PRESCRIBED IN SECTION 15-943.

27 2. ADD THE BASE SUPPORT LEVEL AMOUNT CALCULATED UNDER PARAGRAPH 1
28 OF THIS SUBSECTION AND STATE ADDITIONAL ASSISTANCE. THE AMOUNT OF STATE
29 ADDITIONAL ASSISTANCE IS:

30 (a) \$2,025.29 PER STUDENT COUNT IN PRESCHOOL PROGRAMS FOR CHILDREN
31 WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT.

32 (b) \$2,360.44 PER STUDENT COUNT IN GRADES NINE THROUGH TWELVE.

33 B. FOR CHARTER SCHOOLS, THE AMOUNT CALCULATED UNDER SUBSECTION A OF
34 THIS SECTION IS THE EQUALIZATION ASSISTANCE FOR THE CHARTER SCHOOL.

35 Sec. 7. Section 15-924, Arizona Revised Statutes, is amended to
36 read:

37 15-924. In lieu of transportation grants

38 A. Notwithstanding any other law, ~~beginning in the 2021-2022 school~~
39 ~~year,~~ a school district may use a portion of its transportation funding
40 allocated pursuant to sections 15-945 and 15-946 to provide in lieu of
41 transportation grants to parents of students who attend the school
42 district pursuant to a plan submitted to the department of education.
43 School districts may issue grants to support individual parents or
44 neighborhood carpools in transporting students to school. A school
45 district's transportation funding allocation may not be reduced or

1 otherwise diminished due to the school district awarding grants pursuant
2 to this section.

3 B. Notwithstanding any other law, ~~beginning in the 2021-2022 school~~
4 ~~year~~, a charter school may use a portion of its ~~charter~~ STATE additional
5 assistance funding allocated pursuant to section ~~15-185~~ 15-901.04 to
6 provide in lieu of transportation grants to parents of students who attend
7 the charter school pursuant to a plan submitted to the department of
8 education. Charter schools may issue grants to support individual parents
9 or neighborhood carpools in transporting students to school.
10 Participating charter schools shall report to the department regarding the
11 monies awarded to parents as required by the department.

12 C. The department of education shall adopt policies and procedures
13 to account for expenditures under this section and to require proof of
14 attendance for students whose transportation is supported through grants
15 under this section.

16 Sec. 8. Section 15-947, Arizona Revised Statutes, is amended to
17 read:

18 15-947. Revenue control limit; district support level;
19 general budget limit; unrestricted total capital
20 budget limit; district additional assistance limit;
21 state additional assistance limit

22 A. The revenue control limit ~~for a school district~~ is equal to:

23 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
24 FORMULA, the sum of the base revenue control limit determined in section
25 15-944 and the transportation revenue control limit determined in section
26 15-946.

27 2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
28 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE REVENUE CONTROL
29 LIMIT.

30 B. The district support level ~~for a school district~~ is equal to:

31 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
32 FORMULA, the sum of the base support level determined in section 15-943
33 and the transportation support level determined in section 15-945.

34 2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
35 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE SUPPORT LEVEL
36 DETERMINED IN SECTION 15-943.

37 C. The general budget limit for each school district, for each
38 fiscal year, is the sum of the following:

39 1. The maintenance and operations portion of the revenue control
40 limit for the budget year.

41 2. The maintenance and operation portion of the following amounts:

42 (a) Amounts that are fully funded by revenues other than a levy of
43 taxes on the taxable property within the school district, as listed below:

44 (i) Amounts budgeted as the budget balance carryforward as provided
45 in section 15-943.01.

- 1 (ii) Tuition revenues for attendance of nonresident pupils.
2 (iii) State assistance as provided in section 15-976.
3 (iv) Special education revenues as provided in section 15-825,
4 subsection D and section 15-1204.
5 (v) Title VIII of the elementary and secondary education act of
6 1965 assistance determined for children with disabilities, children with
7 specific learning disabilities, children residing on Indian lands and
8 children residing within the boundaries of an accommodation school that is
9 located on a military reservation and that is classified as a heavily
10 impacted local educational agency pursuant to 20 United States Code
11 section 7703 as provided in section 15-905, subsections K and O.
12 (vi) Title VIII of the elementary and secondary education act of
13 1965 administrative costs as provided in section 15-905, subsection P.
14 (vii) State assistance for excess tuition as provided in section
15 15-825.01.
16 (viii) Transportation revenues for attendance of nonresident
17 pupils.
18 (b) Amounts approved pursuant to an override election as provided
19 in section 15-481 for the applicable fiscal year.
20 (c) Amounts authorized by the county school superintendent pursuant
21 to section 15-974, subsection B.
22 (d) Expenditures for complying with a court order of desegregation
23 as provided in section 15-910.
24 (e) Interest on registered warrants or tax anticipation notes as
25 provided in section 15-910.
26 (f) Amounts budgeted for a jointly owned and operated career and
27 technical education and vocational education center as provided in section
28 15-910.01.
29 3. The maintenance and operations portion of district additional
30 assistance **OR STATE ADDITIONAL ASSISTANCE** for the budget year.
31 4. Any other budget item that is budgeted in the maintenance and
32 operation section of the budget and that is specifically exempt from the
33 revenue control limit or district additional assistance.
34 D. The unrestricted capital budget limit, for each school district
35 for each fiscal year, is the sum of the following:
36 1. The federal impact adjustment as determined in section 15-964
37 for the budget year.
38 2. Any other budget item that is budgeted in the capital outlay
39 section of the budget and that is specifically exempt from district
40 additional assistance.
41 3. The unrestricted capital portion of the amounts contained in
42 subsection C of this section.
43 4. The unexpended budget balance in the unrestricted capital outlay
44 fund from the previous fiscal year.

1 5. The net interest earned in the unrestricted capital outlay fund
2 from the previous fiscal year.

3 Sec. 9. Section 15-971, Arizona Revised Statutes, is amended to
4 read:

5 15-971. Determination of equalization assistance payments
6 from county and state funds for school districts

7 A. Equalization assistance for education is computed by determining
8 the total of the following:

9 1. The lesser of a school district's revenue control limit or
10 district support level as determined in section 15-947.

11 2. District additional assistance of a school district as
12 determined in section 15-961 **OR STATE ADDITIONAL ASSISTANCE, IF**
13 **APPLICABLE, PURSUANT TO SECTION 15-901.04.**

14 B. From the total of the amounts determined in subsection A of this
15 section subtract:

16 1. The amount that would be produced by levying the applicable
17 qualifying tax rate determined pursuant to section 41-1276 for a high
18 school district or a common school district within a high school district
19 that does not offer instruction in high school subjects as provided in
20 section 15-447.

21 2. The amount that would be produced by levying the applicable
22 qualifying tax rate determined pursuant to section 41-1276 for a unified
23 school district, a common school district not within a high school
24 district or a common school district within a high school district that
25 offers instruction in high school subjects as provided in section 15-447.
26 The qualifying tax rate shall be applied in the following manner:

27 (a) For the purposes of the amount determined in subsection A,
28 paragraph 1 of this section:

29 (i) Determine separately the percentage that the weighted student
30 count in preschool programs for children with disabilities, kindergarten
31 programs and grades one through eight and the weighted student count in
32 grades nine through twelve is to the weighted student count determined in
33 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

34 (ii) Apply the percentages determined in item (i) of this
35 subdivision to the amount determined in subsection A, paragraph 1 of this
36 section.

37 (b) For the purposes of the amounts determined in subsection A,
38 paragraph 2 of this section, determine separately the amount of the
39 district additional assistance attributable to the student count in
40 preschool programs for children with disabilities, kindergarten programs
41 and grades one through eight and grades nine through twelve.

42 (c) From the amounts determined in subdivisions (a) and (b) of this
43 paragraph, subtract the levy that would be produced by the current
44 qualifying tax rate for a high school district or a common school district
45 within a high school district that does not offer instruction in high

1 school subjects as provided in section 15-447. If the qualifying tax rate
2 generates a levy that is in excess of the total determined in subsection A
3 of this section, the school district is not eligible for equalization
4 assistance. For the purposes of this subsection, "assessed valuation"
5 includes the values used to determine voluntary contributions collected
6 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article
7 8 and the assessed value of all property subject to the government
8 property lease excise tax pursuant to title 42, chapter 6, article 5.

9 3. The amount that would be produced by levying a qualifying tax
10 rate in a career technical education district, which shall be \$.05 per
11 \$100 assessed valuation unless the legislature sets a lower rate by law.

12 C. County aid for equalization assistance for education shall be
13 computed as follows:

14 1. Determine the total equalization assistance for all school
15 districts in the county as provided in subsections A and B of this
16 section.

17 2. Determine the total amount of state equalization assistance
18 collected for all school districts in the county as provided in section
19 15-994 and the monies collected pursuant to section 15-992, subsection F.

20 3. Divide the amount determined in paragraph 2 of this subsection
21 by the amount determined in paragraph 1 of this subsection.

22 4. Multiply the amount determined in subsections A and B of this
23 section by the quotient determined in paragraph 3 of this subsection for
24 each school district.

25 5. The amount determined in paragraph 4 of this subsection shall be
26 the county aid for equalization assistance for education for a school
27 district.

28 D. State aid for equalization assistance for education for a school
29 district shall be computed as follows:

30 1. Determine the equalization assistance for education for a school
31 district as provided in subsections A and B of this section.

32 2. For each county, determine the levy that would be produced by
33 the state equalization assistance property tax rate prescribed in section
34 15-994, subsection A.

35 3. Prorate the amount determined in paragraph 2 of this subsection
36 to each school district in the county as prescribed by subsection C of
37 this section.

38 4. Subtract the amount determined in paragraph 3 of this subsection
39 from the amount determined in paragraph 1 of this subsection.

40 E. Equalization assistance for education shall be paid from
41 appropriations for that purpose to the school districts as provided in
42 section 15-973.

43 F. A school district shall report expenditures on approved career
44 and technical education and vocational education programs in the annual
45 financial report according to uniform guidelines prescribed by the uniform

1 system of financial records and in order to facilitate compliance with
2 sections 15-255 and 15-904.

3 G. The additional weight for state aid purposes given to special
4 education as provided in section 15-943 shall be given to school districts
5 only if special education programs comply with chapter 7, article 4 of
6 this title and the conditions and standards prescribed by the
7 superintendent of public instruction pursuant to rules of the state board
8 of education for pupil identification and placement pursuant to sections
9 15-766 and 15-767.

10 H. In addition to state general fund appropriations, all amounts
11 received pursuant to section 37-521, subsection B, paragraph 3, section
12 42-5029, subsection E, paragraph 5 and section 42-5029.02, subsection A,
13 paragraph 5 and from any other source for the purposes of this section are
14 appropriated for state aid to schools as provided in this section.

15 I. The total amount of state monies that may be spent in any fiscal
16 year for state equalization assistance shall not exceed the amount
17 appropriated or authorized by section 35-173 for that purpose. This
18 section does not impose a duty on an officer, agent or employee of this
19 state to discharge a responsibility or create any right in a person or
20 group if the discharge or right would require an expenditure of state
21 monies in excess of the expenditure authorized by legislative
22 appropriation for that specific purpose.

23 Sec. 10. Section 15-992, Arizona Revised Statutes, is amended to
24 read:

25 15-992. School district tax levy; additional tax in districts
26 ineligible for equalization assistance; definition

27 A. The board of supervisors of each county, at the time of levying
28 other taxes, shall annually levy school district taxes on the property in
29 any school district in which additional amounts are required, which shall
30 be at rates prescribed in this section. A delinquency factor for
31 estimated uncollected taxes may not be included in the computation of the
32 primary tax rate for school district taxes. Local property taxes may not
33 be levied for any deficit in the classroom site fund. The taxes shall be
34 added to and collected in the same manner as other county taxes on the
35 property within the school district. The amount of the school district
36 taxes levied on the property in a particular school district shall be paid
37 into the school fund of that school district.

38 B. At the same time of levying taxes as provided in subsection A of
39 this section, the county board of supervisors shall annually levy an
40 additional tax in each school district that is not eligible for
41 equalization assistance as provided in section 15-971 in an amount
42 determined as follows:

43 1. Determine the levy that would be produced by fifty percent of
44 the applicable qualifying tax rate, ~~prescribed in section 15-971,~~

1 ~~subsection B~~, per \$100 assessed valuation. THE APPLICABLE QUALIFYING TAX
2 RATE:

3 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
4 FORMULA IS THE APPLICABLE QUALIFYING TAX RATE PRESCRIBED IN SECTION
5 15-971, SUBSECTION B.

6 (b) FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
7 FUNDING FORMULA PURSUANT TO SECTION 15-495, NOTWITHSTANDING SECTION
8 15-971, SUBSECTION B, IS THE APPLICABLE QUALIFYING TAX RATE PRESCRIBED IN
9 SECTION 41-1276, SUBSECTION I, PARAGRAPH 1.

10 2. Subtract the amount determined in section 15-971, subsection A
11 from the levy determined in paragraph 1 of this subsection. This
12 difference is the additional amount levied or collected as voluntary
13 contributions pursuant to title 48, chapter 1, article 8, except that if
14 the difference is zero or is a negative number, there shall be no levy.

15 C. Monies collected pursuant to subsection B of this section shall
16 be transmitted to the state treasurer for deposit in the state general
17 fund to aid in school financial assistance.

18 D. The additional tax prescribed in subsection B of this section is
19 considered to be primary property tax for purposes of section 15-972,
20 subsection B, except that this state is not required to make the payments
21 prescribed in section 15-972, subsection H for these reductions in taxes.

22 E. The tax levy prescribed in subsection A of this section shall be
23 a rate equal to:

24 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
25 FORMULA, the applicable qualifying tax rate or rates as prescribed in
26 section 15-971, subsection B or a rate that would result in a levy that
27 equals the school district equalization assistance base prescribed in
28 section 15-971 subtracted by any amount received pursuant to section
29 15-905, subsections K, O and P per \$100 of assessed valuation used for
30 primary property taxes, whichever is less.

31 2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
32 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE APPLICABLE QUALIFYING TAX
33 RATE OR RATES AS PRESCRIBED IN SECTION 41-1276, SUBSECTION I, PARAGRAPH 1
34 OR A RATE THAT WOULD RESULT IN A LEVY THAT EQUALS THE SCHOOL DISTRICT
35 EQUALIZATION ASSISTANCE BASE PRESCRIBED IN SECTION 15-971 SUBTRACTED BY
36 ANY AMOUNT RECEIVED PURSUANT TO SECTION 15-905, SUBSECTIONS K, O AND P PER
37 \$100 OF ASSESSED VALUATION USED FOR PRIMARY PROPERTY TAXES, WHICHEVER IS
38 LESS.

39 F. At the same time of levying taxes as provided in subsection A of
40 this section, the county board of supervisors shall annually levy an
41 additional tax in each common school district not within a high school
42 district that is equal to the countywide average per pupil equalization
43 base for high school pupils multiplied by the number of resident high
44 school pupils in the common school district not within a high school
45 district during the prior school year. The monies collected pursuant to

1 this subsection shall be added to county aid for equalization assistance
 2 for education pursuant to section 15-971, subsection C. On or before July
 3 1 of each year, the department of education shall provide each county
 4 board of supervisors with the countywide average per pupil equalization
 5 base for high school pupils, the number of resident high school pupils in
 6 the common school district not within a high school district during the
 7 prior school year and any other information requested by the county board
 8 of supervisors for the purposes of levying the tax prescribed in this
 9 subsection.

10 G. At the time of levying taxes as provided in subsection E of this
 11 section, the county school superintendent shall annually validate any
 12 additional primary school district tax levy amount requests from each
 13 school district and levy the sum of the following amounts:

14 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
 15 FORMULA:

16 ~~1.~~ (a) A rate that would result in a levy that equals the
 17 difference between the transportation revenue control limit as determined
 18 in section 15-946 and the transportation support level as determined in
 19 section 15-945 or a lesser amount.

20 ~~2.~~ (b) A rate that would result in a levy that equals any amount
 21 pursuant to section 15-910.

22 ~~3.~~ (c) A rate that would result in a levy that equals any amount
 23 for tuition loss as determined in section 15-954.

24 ~~4.~~ (d) A rate that would result in a levy that equals any amount
 25 for the small school adjustment as determined in section 15-949.

26 ~~5.~~ (e) A rate that would result in a levy that equals any amount
 27 for liabilities in excess of the school district budget pursuant to
 28 section 15-907.

29 ~~6.~~ (f) A rate that would result in a levy that equals any amount
 30 for adjacent ways pursuant to section 15-995.

31 ~~7.~~ (g) A rate that would result in a levy that equals the amount
 32 not captured by the qualifying tax rate as a result of property subject to
 33 the government property lease excise tax pursuant to title 42, chapter 6,
 34 article 5 as calculated in section 15-971, subsection B, paragraph 2.

35 ~~8.~~ (h) Following the recommendation of the county school
 36 superintendent and on approval by the county board of supervisors, for a
 37 school district that is not eligible for state aid, a rate that would
 38 result in a levy that equals any legal amount not levied in the current
 39 year as a result of underestimated average daily membership in the current
 40 year or as a result of a judgment in accordance with section 42-16213.

41 ~~9.~~ (i) A rate that would result in a levy that equals any amount
 42 pursuant to a qualifying dropout prevention program that was originally
 43 established by law in 1987.

44 ~~10.~~ (j) On the recommendation of the county school superintendent
 45 and on approval by the county board of supervisors before adoption of tax

1 rates pursuant to section 42-17151, a rate that would result in a levy
2 that equals any separately stated cash deficit from the prior fiscal year
3 resulting from an anticipated or actual deviation in the property tax
4 roll, including resolutions or judgments pursuant to title 42, chapter 16,
5 articles 5 and 6.

6 2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
7 FUNDING FORMULA PURSUANT TO SECTION 15-495:

8 (a) A RATE THAT WOULD RESULT IN A LEVY THAT EQUALS THE AMOUNT NOT
9 CAPTURED BY THE QUALIFYING TAX RATE AS A RESULT OF PROPERTY SUBJECT TO THE
10 GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO TITLE 42, CHAPTER 6,
11 ARTICLE 5 AS CALCULATED IN SECTION 15-971, SUBSECTION B, PARAGRAPH 2.

12 (b) FOLLOWING THE RECOMMENDATION OF THE COUNTY SCHOOL
13 SUPERINTENDENT AND ON APPROVAL BY THE COUNTY BOARD OF SUPERVISORS, FOR A
14 SCHOOL DISTRICT THAT IS NOT ELIGIBLE FOR STATE AID, A RATE THAT WOULD
15 RESULT IN A LEVY THAT EQUALS ANY LEGAL AMOUNT NOT LEVIED IN THE CURRENT
16 YEAR AS A RESULT OF UNDERESTIMATED AVERAGE DAILY MEMBERSHIP IN THE CURRENT
17 YEAR OR AS A RESULT OF A JUDGMENT IN ACCORDANCE WITH SECTION 42-16213.

18 (c) ON THE RECOMMENDATION OF THE COUNTY SCHOOL SUPERINTENDENT AND
19 ON APPROVAL BY THE COUNTY BOARD OF SUPERVISORS BEFORE ADOPTION OF TAX
20 RATES PURSUANT TO SECTION 42-17151, A RATE THAT WOULD RESULT IN A LEVY
21 THAT EQUALS ANY SEPARATELY STATED CASH DEFICIT FROM THE PRIOR FISCAL YEAR
22 RESULTING FROM AN ANTICIPATED OR ACTUAL DEVIATION IN THE PROPERTY TAX
23 ROLL, INCLUDING RESOLUTIONS OR JUDGMENTS PURSUANT TO TITLE 42, CHAPTER 16,
24 ARTICLES 5 AND 6.

25 H. For the purposes of this section, "assessed valuation" includes
26 the values used to determine voluntary contributions collected pursuant to
27 title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

28 Sec. 11. Section 15-2402, Arizona Revised Statutes, is amended to
29 read:

30 15-2402. Arizona empowerment scholarship accounts; funds

31 A. Arizona empowerment scholarship accounts are established to
32 provide options for the education of students in this state.

33 B. To enroll a qualified student for an Arizona empowerment
34 scholarship account, the parent of the qualified student must sign an
35 agreement to do all of the following:

36 1. Use a portion of the Arizona empowerment scholarship account
37 monies allocated annually to provide an education for the qualified
38 student in at least the subjects of reading, grammar, mathematics, social
39 studies and science, unless the Arizona empowerment scholarship account is
40 allocated monies according to a transfer schedule other than quarterly
41 transfers pursuant to section 15-2403, subsection G.

42 2. Not enroll the qualified student in a school district or charter
43 school and release the school district from all obligations to educate the
44 qualified student. This paragraph does not:

1 (a) Relieve the school district or charter school that the
2 qualified student previously attended from the obligation to conduct an
3 evaluation pursuant to section 15-766.

4 (b) Require ~~a~~ THE qualified student to withdraw from ~~a~~ THE school
5 district or charter school before enrolling for an Arizona empowerment
6 scholarship account if the qualified student withdraws from the school
7 district or charter school before receiving any monies in the qualified
8 student's Arizona empowerment scholarship account.

9 (c) Prevent ~~a~~ THE qualified student from applying in advance for
10 an Arizona empowerment scholarship account to be funded beginning the
11 following school year.

12 3. Not accept a scholarship from a school tuition organization
13 pursuant to title 43 concurrently with an Arizona empowerment scholarship
14 account for the qualified student in the same year a parent signs the
15 agreement pursuant to this section.

16 4. Use monies deposited in the qualified student's Arizona
17 empowerment scholarship account only for the following expenses of the
18 qualified student:

19 (a) Tuition or fees at a qualified school.

20 (b) Textbooks required by a qualified school.

21 (c) If the qualified student meets any of the criteria specified in
22 section 15-2401, paragraph 7, subdivision (a), item (i), (ii) or (iii) as
23 determined by a school district or by an independent third party pursuant
24 to section 15-2403, subsection J, the qualified student may use the
25 following additional services:

26 (i) Educational therapies from a licensed or accredited
27 practitioner or provider, including and up to any amount not covered by
28 insurance if the expense is partially paid by a health insurance policy
29 for the qualified student.

30 (ii) A licensed or accredited paraprofessional or educational aide.

31 (iii) Tuition for vocational and life skills education approved by
32 the department.

33 (iv) Associated goods and services that include educational and
34 psychological evaluations, assistive technology rentals and braille
35 translation goods and services approved by the department.

36 (d) Tutoring or teaching services provided by an individual or
37 facility accredited by a state, regional or national accrediting
38 organization.

39 (e) Curricula and supplementary materials.

40 (f) Tuition or fees for a nonpublic online learning program.

41 (g) Fees for a nationally standardized norm-referenced achievement
42 test, an advanced placement examination or any exams related to college or
43 university admission.

44 (h) Tuition or fees at an eligible postsecondary institution.

45 (i) Textbooks required by an eligible postsecondary institution.

- 1 (j) Fees to manage the Arizona empowerment scholarship account.
- 2 (k) Services provided by a public school, including individual
- 3 classes and extracurricular programs.
- 4 (l) Insurance or surety bond payments.
- 5 (m) Uniforms purchased from or through a qualified school.
- 6 (n) If the qualified student meets the criteria specified in
- 7 section 15-2401, paragraph 7, subdivision (a), item (i), (ii) or (iii) and
- 8 if the qualified student is in the second year prior to the final year of
- 9 a contract executed pursuant to this article, costs associated with an
- 10 annual education plan conducted by an independent evaluation team. The
- 11 department shall prescribe minimum qualifications for independent
- 12 evaluation teams pursuant to this subdivision and factors that teams must
- 13 use to determine whether the qualified student shall be eligible to
- 14 continue to receive monies pursuant to this article through the school
- 15 year in which the qualified student reaches twenty-two years of age. An
- 16 independent evaluation team that provides an annual education plan
- 17 pursuant to this subdivision shall submit a written report that summarizes
- 18 the results of the evaluation to the parent of the qualified student and
- 19 to the department on or before July 31. The written report submitted by
- 20 the independent evaluation team is valid for one year. If the department
- 21 determines that the qualified student meets the eligibility criteria
- 22 prescribed in the annual education plan, the qualified student is eligible
- 23 to continue to receive monies pursuant to this article until the qualified
- 24 student reaches twenty-two years of age, subject to annual review. A
- 25 parent may appeal the department's decision pursuant to title 41, chapter
- 26 6, article 10. As an addendum to a qualified student's final-year
- 27 contract, the department shall provide the following written information
- 28 to the parent of the qualified student:
 - 29 (i) That the qualified student will not be eligible to continue to
 - 30 receive monies pursuant to this article unless the results of an annual
 - 31 education plan conducted pursuant to this subdivision demonstrate that the
 - 32 qualified student meets the eligibility criteria prescribed in the annual
 - 33 education plan.
 - 34 (ii) That the parent is entitled to obtain an annual education plan
 - 35 pursuant to this subdivision to determine whether the qualified student
 - 36 meets the eligibility criteria prescribed in the annual education plan.
 - 37 (iii) A list of independent evaluation teams that meet the minimum
 - 38 qualifications prescribed by the department pursuant to this subdivision.
 - 39 (o) Public transportation services in this state, including a
 - 40 commuter pass for the qualified student, or transportation network
 - 41 services as defined in section 28-9551 between the qualified student's
 - 42 residence and a qualified school in which the qualified student is
 - 43 enrolled.

1 (p) Computer hardware and technological devices primarily used for
2 an educational purpose. For the purposes of this subdivision, "computer
3 hardware and technological devices":

4 (i) Includes calculators, personal computers, laptops, tablet
5 devices, microscopes, telescopes and printers.

6 (ii) Does not include entertainment and other primarily
7 noneducational devices, including televisions, telephones, video game
8 consoles and accessories, and home theatre and audio equipment.

9 5. Not file an affidavit of intent to homeschool pursuant to
10 section 15-802, subsection B, paragraph 2 or 3.

11 6. Not use monies deposited in the qualified student's account for
12 any of the following:

13 (a) Computer hardware or other technological devices, except as
14 otherwise allowed under paragraph 4, subdivision (c) or (p) of this
15 subsection.

16 (b) Transportation of the pupil, except for transportation services
17 described in paragraph 4, subdivision (o) of this subsection.

18 C. In exchange for the parent's agreement pursuant to subsection B
19 of this section, the department shall transfer from the monies that would
20 otherwise be allocated to a recipient's prior school district, or if the
21 child is currently eligible to attend a preschool program for children
22 with disabilities, a kindergarten program or any of grades one through
23 twelve, the monies that the department determines would otherwise be
24 allocated to a recipient's expected school district of attendance, to the
25 treasurer for deposit into an Arizona empowerment scholarship account an
26 amount that is equivalent to ninety percent of the ~~sum of the base support
27 level and additional assistance prescribed in sections 15-185 and 15-943
28 for that particular student if that student were attending a charter
29 school~~ AMOUNT THAT WOULD BE CALCULATED FOR THAT STUDENT UNDER THE STATE
30 STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, SUBSECTION A.

31 D. The department of education empowerment scholarship account fund
32 is established consisting of monies appropriated by the legislature. The
33 department shall administer the fund. Monies in the fund are subject to
34 legislative appropriation. Monies in the fund shall be used for the
35 department's costs in administering Arizona empowerment scholarship
36 accounts under this chapter. Monies in the fund are exempt from the
37 provisions of section 35-190 relating to lapsing of appropriations. If
38 the number of Arizona empowerment scholarship accounts significantly
39 increases after fiscal year 2020-2021, the department may request an
40 increase in the amount appropriated to the fund in any subsequent fiscal
41 year in the budget estimate submitted pursuant to section 35-113. The
42 department shall list monies in the fund as a separate line item in its
43 budget estimate.

1 E. The state treasurer empowerment scholarship account fund is
2 established consisting of monies appropriated by the legislature. The
3 state treasurer shall administer the fund. Monies in the fund shall be
4 used for the state treasurer's costs in administering the Arizona
5 empowerment scholarship accounts under this chapter. If the number of
6 Arizona empowerment scholarship accounts significantly increases after
7 fiscal year 2020-2021, the state treasurer may request an increase in the
8 amount appropriated to the fund in any subsequent fiscal year in the
9 budget estimate submitted pursuant to section 35-113. Monies in the fund
10 are subject to legislative appropriation. Monies in the fund are exempt
11 from the provisions of section 35-190 relating to lapsing of
12 appropriations. The state treasurer shall list monies in the fund as a
13 separate line item in its budget estimate.

14 F. A parent must renew the qualified student's Arizona empowerment
15 scholarship account on an annual basis.

16 G. Notwithstanding any changes to the student's multidisciplinary
17 evaluation team plan, a student who has previously qualified for an
18 Arizona empowerment scholarship account remains eligible to apply for
19 renewal until the student finishes high school.

20 H. If a parent does not renew the qualified student's Arizona
21 empowerment scholarship account for a period of three academic years, the
22 department shall notify the parent that the qualified student's account
23 will be closed in sixty calendar days. The notification must be sent
24 through certified mail, email and telephone, if applicable. The parent
25 has sixty calendar days to renew the qualified student's Arizona
26 empowerment scholarship account. If the parent chooses not to renew or
27 does not respond in sixty calendar days, the department shall close the
28 account and any remaining monies shall be returned to the state.

29 I. A signed agreement under this section constitutes school
30 attendance required by section 15-802.

31 J. A qualified school or a provider of services purchased pursuant
32 to subsection B, paragraph 4 of this section may not share, refund or
33 rebate any Arizona empowerment scholarship account monies with the parent
34 or qualified student in any manner.

35 K. Notwithstanding subsection H of this section, on the qualified
36 student's graduation from a postsecondary institution or after any period
37 of four consecutive years after high school graduation in which the
38 student is not enrolled in an eligible postsecondary institution, but not
39 before this time as long as the account holder continues using a portion
40 of account monies for eligible expenses each year and is in good standing,
41 the qualified student's Arizona empowerment scholarship account shall be
42 closed and any remaining monies shall be returned to the state.

43 L. Monies received pursuant to this article do not constitute
44 taxable income to the parent of the qualified student.

1 Sec. 12. Section 41-1276, Arizona Revised Statutes, is amended to
2 read:

3 41-1276. Truth in taxation levy for equalization assistance
4 to school districts

5 A. On or before February 15 of each year, the joint legislative
6 budget committee shall compute and transmit the truth in taxation rates
7 for equalization assistance for school districts for the following fiscal
8 year to:

9 1. The ~~chairperson~~ CHAIRPERSONS of the house of representatives
10 ways and means committee and the senate finance committee, or their
11 successor committees.

12 2. The ~~chairperson~~ CHAIRPERSONS of the appropriations committees of
13 the senate and the house of representatives, or their successor
14 committees.

15 B. The truth in taxation rates consist of the qualifying tax rate
16 for a high school district or a common school district within a high
17 school district that does not offer instruction in high school subjects
18 pursuant to section 15-971, subsection B, paragraph 1 and a qualifying tax
19 rate for a unified district, a common school district not within a high
20 school district or a common school district within a high school district
21 that offers instruction in high school subjects pursuant to section
22 15-971, subsection B, paragraph 2 that will offset the change in net
23 assessed valuation of property that was subject to tax in the prior year.

24 C. The joint legislative budget committee shall compute the truth
25 in taxation rates as follows:

26 1. Determine the statewide net assessed value for the preceding tax
27 year as provided in section 42-17151, subsection A, paragraph 3.

28 2. Determine the statewide net assessed value for the current tax
29 year, excluding the net assessed value of property that was not subject to
30 tax in the preceding year.

31 3. Divide the amount determined in paragraph 1 of this subsection
32 by the amount determined in paragraph 2 of this subsection.

33 4. Adjust the qualifying tax rates for the current fiscal year by
34 the percentage determined in paragraph 3 of this subsection in order to
35 offset the change in net assessed value.

36 D. Except as provided in subsections E and G of this section, the
37 qualifying tax rate for a high school district or a common school district
38 within a high school district that does not offer instruction in high
39 school subjects and the qualifying tax rate for a unified school district,
40 a common school district not within a high school district or a common
41 school district within a high school district that offers instruction in
42 high school subjects for the following fiscal year shall be the rate
43 determined by the joint legislative budget committee pursuant to
44 subsection C of this section. The committee shall transmit the rates to

1 the superintendent of public instruction and the county boards of
2 supervisors by March 15 of each year.

3 E. If the legislature proposes qualifying tax rates that exceed the
4 truth in taxation rate:

5 1. The house of representatives ways and means committee and the
6 senate finance committee, or their successor committees, shall hold a
7 joint hearing on or before February 28 and publish a notice of a truth in
8 taxation hearing subject to the following requirements:

9 (a) The notice shall be published twice in a newspaper of general
10 circulation in this state that is published at the state capital. The
11 first publication shall be at least fourteen but not more than twenty days
12 before the date of the hearing. The second publication shall be at least
13 seven but not more than ten days before the date of the hearing.

14 (b) The notice shall be published in a location other than the
15 classified or legal advertising section of the newspaper.

16 (c) The notice shall be at least one-fourth page in size and shall
17 be surrounded by a solid black border at least one-eighth inch in width.

18 (d) The notice shall be in the following form, with the "truth in
19 taxation hearing – notice of tax increase" headline in at least
20 eighteen-point type:

21 Truth in Taxation Hearing
22 Notice of Tax Increase

23 In compliance with section 41-1276, Arizona Revised
24 Statutes, the state legislature is notifying property
25 taxpayers in Arizona of the legislature's intention to raise
26 the property tax levy over last year's level.

27 The proposed tax increase will cause the taxes on a
28 \$100,000 home to be \$(total proposed taxes including the tax
29 increase). Without the proposed tax increase, the total taxes
30 that would be owed on a \$100,000 home would have been
31 \$_____.

32 All interested citizens are invited to attend a public
33 hearing on the tax increase that is scheduled to be held
34 (date and time) at (location).

35 (e) For the purposes of computing the tax increase on a \$100,000
36 home as required by the notice, the joint meeting of the house of
37 representatives ways and means committee and the senate finance committee,
38 or their successor committees, shall consider the difference between the
39 truth in taxation rate and the proposed increased rate.

40 2. The joint meeting of the house of representatives ways and means
41 committee and the senate finance committee, or their successor committees,
42 shall consider any motion to recommend the proposed tax rates to the full
43 legislature by roll call vote.

1 F. In addition to publishing the truth in taxation notice under
2 subsection E, paragraph 1 of this section, the joint meeting of the house
3 of representatives ways and means committee and the senate finance
4 committee, or their successor committees, shall issue a press release
5 containing the truth in taxation notice.

6 G. ~~Notwithstanding any other law,~~ The legislature shall not adopt a
7 state budget that provides for qualifying tax rates pursuant to section
8 15-971 that exceed the truth in taxation rates computed pursuant to
9 subsection A of this section unless the rates are adopted by a concurrent
10 resolution approved by an affirmative roll call vote of two-thirds of the
11 members of each house of the legislature before the legislature enacts the
12 general appropriations bill. If the resolution is not approved by
13 two-thirds of the members of each house of the legislature, the rates for
14 the following fiscal year shall be the truth in taxation rates determined
15 pursuant to subsection C of this section and shall be transmitted to the
16 superintendent of public instruction and the county boards of supervisors.

17 H. Notwithstanding subsection C of this section and if approved by
18 the qualified electors voting at a statewide general election, the
19 legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a
20 common or high school district or \$4.253 for a unified school district.
21 The legislature shall not set a county equalization assistance for
22 education rate that exceeds \$0.5123.

23 I. Pursuant to subsection C of this section: ~~—~~

24 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
25 FORMULA, the qualifying tax rate in tax year 2022:

26 (a) For a high school district or a common school district within a
27 high school district that does not offer instruction in high school
28 subjects as provided in section 15-447 is \$1.7133.

29 (b) ~~and~~ For a unified school district, a common school district
30 not within a high school district or a common school district within a
31 high school district that offers instruction in high school subjects as
32 provided in section 15-447 is \$3.4266.

33 2. NOTWITHSTANDING SUBSECTION G OF THIS SECTION, FOR A SCHOOL
34 DISTRICT THAT ELECTS TO USE THE STATE STUDENT FUNDING FORMULA PURSUANT TO
35 SECTION 15-495, THE QUALIFYING TAX RATE IN TAX YEAR 2023:

36 (a) FOR A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A
37 HIGH SCHOOL DISTRICT THAT DOES NOT OFFER INSTRUCTION IN HIGH SCHOOL
38 SUBJECTS AS PROVIDED IN SECTION 15-447 IS \$2.0559.

39 (b) FOR A UNIFIED SCHOOL DISTRICT, A COMMON SCHOOL DISTRICT NOT
40 WITHIN A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH
41 SCHOOL DISTRICT THAT OFFERS INSTRUCTION IN HIGH SCHOOL SUBJECTS AS
42 PROVIDED IN SECTION 15-447 IS \$4.1119.