

15-977. Classroom site fund; definitions

A. The classroom site fund is established consisting of monies transferred to the fund pursuant to section 37-521, subsection B and section 42-5029, subsection E, paragraph 10. The department of education shall administer the fund. School districts and charter schools may not supplant existing school site funding with revenues from the fund. All monies distributed from the fund are intended for use at the school site. Each school district or charter school shall allocate forty per cent of the monies for teacher compensation increases based on performance and employment related expenses, twenty per cent of the monies for teacher base salary increases and employment related expenses and forty per cent of the monies for maintenance and operation purposes as prescribed in subsection H of this section. Teacher compensation increases based on performance or teacher base salary increases distributed pursuant to this subsection shall supplement, and not supplant, teacher compensation monies from any other sources. The school district or charter school shall notify each school principal of the amount available to the school by April 15 of each year. The district or charter school shall request from the school's principal each school's priority for the allocation of the funds available to the school for each program listed under subsection H of this section. The amount budgeted by the school district or charter school pursuant to this section shall not be included in the allowable budget balance carryforward calculated pursuant to section 15-943.01.

B. A school district governing board must adopt a performance based compensation system at a public hearing to allocate funding from the classroom site fund pursuant to subsection A of this section. Beginning in school year 2014-2015, individual teacher performance as measured by the teacher's performance classification pursuant to section 15-203, subsection A, paragraph 38 shall be a component of the school district's portion of the forty per cent allocation for teacher compensation based on performance and employment related expenses.

C. A school district governing board shall vote on a performance based compensation system that includes the following elements:

1. School district performance and school performance.
2. Individual teacher performance as measured by the teacher's performance classification pursuant to section 15-203, subsection A, paragraph 38. Beginning in school year 2014-2015, the individual teacher performance component shall account for thirty-three per cent of the forty per cent allocation for teacher compensation based on performance and employment related expenses.
3. Measures of academic progress toward the academic standards adopted by the state board of education.
4. Other measures of academic progress.
5. Dropout or graduation rates.
6. Attendance rates.
7. Ratings of school quality by parents.
8. Ratings of school quality by students.
9. The input of teachers and administrators.

10. Approval of the performance based compensation system based on an affirmative vote of at least seventy per cent of the teachers eligible to participate in the performance based compensation system.

11. An appeals process for teachers who have been denied performance based compensation.

12. Regular evaluation for effectiveness, which shall comply by fiscal year 2014-2015 with section 15-203, subsection A, paragraph 38.

D. A performance based compensation system shall include teacher professional development programs that are aligned with the elements of the performance based compensation system.

E. A school district governing board may modify the elements contained in subsection C of this section and consider additional elements when adopting a performance based compensation system. A school district governing board shall adopt any modifications or additional elements and specify the criteria used at a public hearing.

F. Until December 31, 2009, each school district shall develop an assessment plan for its performance based compensation system and submit the plan to the department of education by December 31 of each year. A copy of the performance based compensation system and assessment plan adopted by the school district governing board shall be included in the report submitted to the department of education.

G. Monies in the fund are continuously appropriated, are exempt from the provisions of section 35-190 relating to lapsing of appropriations and shall be distributed as follows:

1. By March 30 of each year, the staff of the joint legislative budget committee shall determine a per pupil amount from the fund for the budget year using the estimated statewide weighted count for the current year pursuant to section 15-943, paragraph 2, subdivision (a) and based on estimated available resources in the classroom site fund for the budget year adjusted for any prior year carryforward or shortfall.

2. The allocation to each charter school and school district for a fiscal year shall equal the per pupil amount established in paragraph 1 of this subsection for the fiscal year multiplied by the weighted student count for the school district or charter school for the fiscal year pursuant to section 15-943, paragraph 2, subdivision (a). For the purposes of this paragraph, the weighted student count for a school district that serves as the district of attendance for nonresident pupils shall be increased to include nonresident pupils who attend school in the school district.

H. Monies distributed from the classroom site fund shall be spent for the following maintenance and operation purposes:

1. Class size reduction.

2. Teacher compensation increases.

3. AIMS intervention programs.

4. Teacher development.

5. Dropout prevention programs.

6. Teacher liability insurance premiums.

I. The district governing board or charter school shall allocate the classroom site fund monies to include, wherever possible, the priorities identified by the principals of the schools while assuring that the funds maximize classroom opportunities and conform to the authorized expenditures identified in subsection A of this section.

J. School districts and charter schools that receive monies from the classroom site fund shall submit a report by November 15 of each year to the superintendent of public instruction that provides an accounting of the expenditures of monies distributed from the fund during the previous fiscal year and a summary of the results of district and school programs funded with monies distributed from the fund. The department of education in conjunction with the auditor general shall prescribe the format of the report under this subsection.

K. School districts and charter schools that receive monies from the classroom site fund shall receive these monies monthly in an amount not to exceed one-twelfth of the monies estimated pursuant to subsection G of this section, except that if there are insufficient monies in the fund that month to make payments, the distribution for that month shall be prorated for each school district or charter school. The department of education may make an additional payment in the current month for any prior month or months in which school districts or charter schools received a prorated payment if there are sufficient monies in the fund that month for the additional payments. The state is not required to make payments to a school district or charter school classroom site fund if the state classroom site fund revenue collections are insufficient to meet the estimated allocations to school districts and charter schools pursuant to subsection G of this section.

L. The state education system for committed youth shall receive monies from the classroom site fund in the same manner as school districts and charter schools. The Arizona state schools for the deaf and the blind shall receive monies from the classroom site fund in an amount that corresponds to the weighted student count for the current year pursuant to section 15-943, paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state schools for the deaf and the blind. Except as otherwise provided in this subsection, the Arizona state schools for the deaf and the blind and the state education system for committed youth are subject to this section in the same manner as school districts and charter schools.

M. Each school district and charter school, including school districts that unify pursuant to section 15-448 or consolidate pursuant to section 15-459, shall establish a local level classroom site fund to receive allocations from the state level classroom site fund. The local level classroom site fund shall be a budgetary controlled account. Interest charges for any registered warrants for the local level classroom site fund shall be a charge against the local level classroom site fund. Interest earned on monies in the local level classroom site fund shall be added to the local level classroom site fund as provided in section 15-978. This state shall not be required to make payments to a school district or charter school local level classroom site fund that are in addition to monies transferred to the state level classroom site fund pursuant to section 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

N. Monies distributed from the classroom site fund for class size reduction, AIMS intervention and dropout prevention programs shall only be used for instructional purposes in the instruction function as defined in the uniform system of financial records, except that monies shall not be used for school sponsored athletics.

O. For the purposes of this section:

1. "AIMS intervention" means summer programs, after school programs, before school programs or

tutoring programs that are specifically designed to ensure that pupils meet the Arizona academic standards as measured by the Arizona instrument to measure standards test prescribed by section 15-741.

2. "Class size reduction" means any maintenance and operations expenditure that is designed to reduce the ratio of pupils to classroom teachers, including the use of persons who serve as aides to classroom teachers.