

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 265

HOUSE BILL 2749

AN ACT

AMENDING SECTIONS 15-154, 15-155, 15-185, 15-249.06 AND 15-249.08, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.15; AMENDING SECTIONS 15-901, 15-901.07, 15-913, 15-945, 15-972, 15-994, 15-1323, 15-2011, 15-2022 AND 15-2041, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 19, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-2405; AMENDING SECTION 41-1276, ARIZONA REVISED STATUTES; AMENDING LAWS 2017, CHAPTER 284, SECTION 1; AMENDING LAWS 2018, CHAPTER 285, SECTIONS 27 AND 28; AMENDING LAWS 2018, CHAPTER 289, SECTION 3; APPROPRIATING MONIES; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-154, Arizona Revised Statutes, is amended to
3 read:

4 15-154. School safety program; purpose; program proposals;
5 requirements; annual report; program termination;
6 definitions

7 A. The school safety program is established within the department
8 of education to SUPPORT, promote AND ENHANCE safe AND EFFECTIVE learning
9 environments for ALL students by supporting the costs of placing school
10 resource officers, ~~or~~ juvenile probation officers, SCHOOL COUNSELORS AND
11 SCHOOL SOCIAL WORKERS on school campuses. A school district or charter
12 school may apply to participate in the school safety program as provided
13 in this section for up to three fiscal years by submitting by April 15 a
14 program proposal to the department of education. A SCHOOL DISTRICT OR
15 CHARTER SCHOOL THAT RECEIVES APPROVAL FOR A THREE-YEAR PROGRAM UNDER THIS
16 SUBSECTION MAY ANNUALLY SUBMIT A MODIFIED SPENDING PLAN FOR ITS APPROVED
17 PROGRAM. ~~The program proposal shall contain:~~

18 B. A PROGRAM PROPOSAL SUBMITTED BY A SCHOOL DISTRICT OR CHARTER
19 SCHOOL FOR SUPPORTING THE COSTS OF PLACING SCHOOL RESOURCE OFFICERS OR
20 JUVENILE PROBATION OFFICERS, OR BOTH, ON A SCHOOL CAMPUS SHALL CONTAIN:

21 1. A detailed description of the school safety needs of the charter
22 school or school district.

23 2. A plan for implementing a law-related education program or a
24 plan that demonstrates the existence of a law-related education program as
25 a school safety prevention strategy.

26 3. A plan to use trained school resource officers or juvenile
27 probation officers in the school, or both.

28 4. If the school district or charter school has already
29 participated in the school safety program, information on the success,
30 compliance and implementation of the most recent grant.

31 C. A PROGRAM PROPOSAL SUBMITTED BY A SCHOOL DISTRICT OR CHARTER
32 SCHOOL FOR SUPPORTING THE COSTS OF PLACING SCHOOL COUNSELORS OR SCHOOL
33 SOCIAL WORKERS, OR BOTH, ON A SCHOOL CAMPUS SHALL CONTAIN:

34 1. A DETAILED DESCRIPTION OF THE SCHOOL SAFETY NEEDS OF THE CHARTER
35 SCHOOL OR SCHOOL DISTRICT.

36 2. A PLAN FOR IMPLEMENTING A SCHOOL GUIDANCE AND COUNSELING PROGRAM
37 THAT INCLUDES THE FOLLOWING:

38 (a) A DETAILED DESCRIPTION OF THE RELATIONSHIP BETWEEN THE SCHOOL
39 COUNSELOR OR THE SOCIAL WORKER, OR BOTH, AND LOCAL COMMUNITY RESOURCES.

40 (b) A PLAN FOR USING SCHOOL COUNSELOR AND SCHOOL SOCIAL WORKER
41 SERVICES IN THE SCHOOL, OR BOTH.

42 (c) A DETAILED DESCRIPTION OF THE METHODS FOR EVALUATING THE
43 EFFECTIVENESS OF THE SCHOOL GUIDANCE AND COUNSELING PLAN.

44 (d) POLICIES ON CONFIDENTIALITY UNDER THE SCHOOL GUIDANCE AND
45 COUNSELING PLAN.

1 (e) POLICIES ON NOTIFYING PARENTS AND OTHER FAMILY MEMBERS OF
2 ISSUES OR CONCERNS AS IDENTIFIED IN THE SCHOOL GUIDANCE AND COUNSELING
3 PLAN.

4 (f) A DETAILED DESCRIPTION OF THE SCHOOL'S, SCHOOL DISTRICT'S OR
5 CHARTER SCHOOL'S REFERRAL PROCEDURES TO THE APPROPRIATE COMMUNITY ENTITIES
6 AND STATE AGENCIES.

7 3. IF THE SCHOOL DISTRICT OR CHARTER SCHOOL HAS ALREADY
8 PARTICIPATED IN THE SCHOOL SAFETY PROGRAM, INFORMATION ON THE SUCCESS,
9 COMPLIANCE AND IMPLEMENTATION OF THE MOST RECENT APPROVED PROGRAM
10 PROPOSAL.

11 ~~B.~~ D. The department of education shall REVIEW AND administer the
12 SCHOOL RESOURCE OFFICERS AND JUVENILE PROBATION OFFICERS program PROPOSALS
13 in cooperation with the courts, law enforcement agencies and law-related
14 education providers awarded a contract pursuant to section 41-2534,
15 subject to review and approval by the state board of education. The
16 department of education shall use relevant crime statistics to assess the
17 needs of each program proposal and shall visit school districts and
18 charter schools that submit program proposals in order to verify the
19 information contained in the program proposals. The department of
20 education shall contract to provide guidelines, curricula and support
21 resources for school resource officers and juvenile probation officers to
22 use in implementing a law-related education program.

23 E. THE DEPARTMENT OF EDUCATION SHALL REVIEW AND ADMINISTER THE
24 SCHOOL COUNSELORS AND SCHOOL SOCIAL WORKERS PROGRAM PROPOSALS IN
25 COOPERATION WITH SCHOOL ADMINISTRATORS, PRINCIPALS, TEACHERS, PARENTS AND
26 COMMUNITY MENTAL HEALTH PROFESSIONALS. THE DEPARTMENT OF EDUCATION SHALL
27 USE RELEVANT SCHOOL-LEVEL ACADEMIC, SOCIAL AND EMOTIONAL STATISTICS TO
28 ASSESS THE NEEDS OF EACH PROGRAM PROPOSAL AND SHALL VISIT SCHOOL DISTRICTS
29 AND CHARTER SCHOOLS THAT SUBMIT PROGRAM PROPOSALS IN ORDER TO VERIFY THE
30 INFORMATION CONTAINED IN THE PROGRAM PROPOSALS.

31 ~~C.~~ F. The department of education, subject to the review and
32 approval of the state board of education, shall distribute monies to the
33 school districts and charter schools that are in compliance with program
34 requirements and whose ~~plans~~ PROGRAM PROPOSALS have been approved by the
35 state board of education. ~~The state board of education shall also review~~
36 ~~and approve renewal applications for up to an additional three fiscal~~
37 ~~years from participating school sites.~~

38 ~~D.~~ G. The department of education shall review ~~plans~~ PROGRAM
39 PROPOSALS submitted by school districts and charter schools for
40 participation in the school safety program and shall select SCHOOL sites
41 that are eligible to receive funding based on school safety needs PURSUANT
42 TO THIS SECTION. The department of education may prioritize PROGRAM
43 PROPOSALS FOR SCHOOL RESOURCE OFFICER AND JUVENILE PROBATION OFFICER
44 grants to school districts and charter schools that have agreements to

1 share the cost of the school resource officer or juvenile probation
2 officer with a law enforcement agency or the courts.

3 ~~F.~~ H. The department of education shall evaluate the effectiveness
4 of ALL the APPROVED PROGRAM PROPOSALS SUBMITTED PURSUANT TO SUBSECTIONS B
5 AND C OF THIS SECTION WITHIN THE school safety program and report on the
6 activities of the program and the participants in the school safety
7 program to the president of the senate, the speaker of the house of
8 representatives and the governor on or before November 1 of each year and
9 shall provide a copy of this report to the secretary of state. The
10 evaluation and report shall include survey results from participating
11 schools and data from participating schools on the impact of participating
12 in the school safety program. The department shall establish data
13 guidelines for school safety program participants to follow in reporting
14 pursuant to this subsection.

15 ~~F.~~ I. The school safety program established by this section shall
16 include a school safety program guidance manual adopted by the department
17 of education that requires a dispute resolution process to be included in
18 the service agreement between a school district or charter school that
19 SUBMITTED A PROGRAM PROPOSAL AND received a SCHOOL RESOURCE OFFICER grant
20 from the school safety program and the law enforcement agency that
21 provides services to the school district or charter school.

22 ~~G.~~ J. Any appropriations that are made to the department of
23 education for the APPROVED PROGRAM PROPOSALS WITHIN THE school safety
24 program are exempt from the provisions of section 35-190 relating to the
25 lapsing of appropriations. All monies that are not used for an approved
26 PROGRAM PROPOSAL WITHIN THE school safety ~~plan~~ PROGRAM during the fiscal
27 year for which the monies were appropriated revert to the department of
28 education for distribution to the program in the following fiscal year.

29 ~~H.~~ K. Monies received by a school district or charter school under
30 the program shall be spent to implement the approved ~~plans~~ PROGRAM
31 PROPOSALS.

32 ~~I.~~ L. The program established by this section ends on July 1, 2025
33 pursuant to section 41-3102. The auditor general shall include the school
34 safety program as part of its ongoing sunset review of agencies and
35 programs.

36 ~~J.~~ M. For the purposes of this section:

37 1. "Law-related education" means interactive education to equip
38 children and youth with knowledge and skills pertaining to the law, school
39 safety and effective citizenship.

40 2. "Law-related education program" means a program designed to
41 provide children and youth with knowledge, skills and activities
42 pertaining to the law and legal process and to promote law-abiding
43 behavior with the purpose of preventing children and youth from engaging
44 in delinquency or violence and enabling them to become productive
45 citizens.

1 3. "SCHOOL COUNSELOR" MEANS A PROFESSIONAL EDUCATOR WHO HOLDS A
2 VALID SCHOOL COUNSELOR CERTIFICATE ISSUED BY THE DEPARTMENT OF EDUCATION.

3 4. "SCHOOL GUIDANCE AND COUNSELING PROGRAM" MEANS A COUNSELING
4 PROGRAM THAT SUPPORTS, PROMOTES AND ENHANCES THE ACADEMIC, PERSONAL,
5 SOCIAL, EMOTIONAL AND CAREER DEVELOPMENT OF ALL STUDENTS.

6 5. "SCHOOL RESOURCE OFFICER" MEANS A PEACE OFFICER OR A
7 FULL-AUTHORITY RESERVE PEACE OFFICER WHO IS CERTIFIED BY THE ARIZONA PEACE
8 OFFICER STANDARDS AND TRAINING BOARD.

9 6. "SCHOOL SOCIAL WORKER" MEANS A PROFESSIONAL EDUCATOR WHO HOLDS A
10 VALID SCHOOL SOCIAL WORKER CERTIFICATE ISSUED BY THE DEPARTMENT OF
11 EDUCATION.

12 Sec. 2. Section 15-155, Arizona Revised Statutes, is amended to
13 read:

14 15-155. School safety program; funding

15 A. The department of education shall cooperate with the county
16 school superintendent, the county sheriff and the local chief of police to
17 ~~permit~~ ALLOW a law enforcement agency, with the consent of the school, to
18 assign a peace officer or a full authority Arizona peace officer standards
19 and training board certified reserve peace officer to participate in the
20 school safety program in each school in the county. The cost of the peace
21 officer is a state charge that is funded by the department of education,
22 except for agreements to share the cost of the school resource officer
23 pursuant to section 15-154, subsection ~~D~~ G.

24 B. In cooperation with the department of education and the county
25 school superintendent and with the consent of the school, the presiding
26 judge of the juvenile court may assign juvenile probation officers to
27 participate in the school safety program in each school in the
28 county. The cost of juvenile probation officers is a state charge that is
29 funded by the department of education, except for agreements to share the
30 cost of the juvenile probation officer pursuant to section 15-154,
31 subsection ~~D~~ G.

32 Sec. 3. Section 15-185, Arizona Revised Statutes, is amended to
33 read:

34 15-185. Charter schools; financing; civil penalties;
35 transportation; definition

36 A. A school district is not financially responsible for any charter
37 school that is sponsored by the state board of education, the state board
38 for charter schools, a university under the jurisdiction of the Arizona
39 board of regents, a community college district or a group of community
40 college districts.

41 B. Financial provisions for a charter school that is sponsored by
42 the state board of education, the state board for charter schools, a
43 university, a community college district or a group of community college
44 districts are as follows:

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

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

4 (b) The small school weights prescribed in section 15-943,
5 paragraph 1 apply if a charter holder, ~~as defined in section 15-101~~, holds
6 one charter for one or more school sites and the average daily membership
7 for the school sites are combined for the calculation of the small school
8 weight. The small school weight shall not be applied individually to a
9 charter holder if one or more of the following conditions exist and the
10 combined average daily membership derived from the following conditions is
11 greater than six hundred:

12 (i) The organizational structure or management agreement of the
13 charter holder requires the charter holder or charter school to contract
14 with a specific management company.

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

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

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

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

24 2. Notwithstanding paragraph 1 of this subsection, the student
25 count shall be determined initially using an estimated student count based
26 on actual registration of pupils before the beginning of the school year.
27 Notwithstanding section 15-1042, subsection F, student level data
28 submitted to the department may be used to determine estimated student
29 counts. After the first forty days, one hundred days or two hundred days
30 in session, as applicable, the charter school shall revise the student
31 count to be equal to the actual average daily membership, as defined in
32 section 15-901, of the charter school. Before the fortieth day, one
33 hundredth day or two hundredth day in session, as applicable, the state
34 board of education, the state board for charter schools, the sponsoring
35 university, the sponsoring community college district or the sponsoring
36 group of community college districts may require a charter school to
37 report periodically regarding pupil enrollment and attendance, and the
38 department of education may revise its computation of equalization
39 assistance based on the report. A charter school shall revise its student
40 count, base support level and charter additional assistance before May 15.
41 A charter school that overestimated its student count shall revise its
42 budget before May 15. A charter school that underestimated its student
43 count may revise its budget before May 15.

1 3. A charter school may ~~utilize~~ **USE** section 15-855 for the purposes
2 of this section. The charter school and the department of education shall
3 prescribe procedures for determining average daily membership.

4 4. Equalization assistance for the charter school shall be
5 determined by adding the amount of the base support level and charter
6 additional assistance. The amount of the charter additional assistance is
7 ~~one thousand eight hundred seven dollars~~ **\$1,843.14** per student count in
8 preschool programs for children with disabilities, kindergarten programs
9 and grades one through eight and ~~two thousand one hundred six dollars~~
10 ~~three cents~~ **\$2,148.15** per student count in grades nine through twelve.

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

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

20 7. Not later than noon on the day preceding each apportionment date
21 established by paragraph 5 of this subsection, the superintendent of
22 public instruction shall furnish to the state treasurer an abstract of the
23 apportionment and shall certify the apportionment to the department of
24 administration, which shall draw its warrant in favor of the charter
25 schools for the amount apportioned.

26 C. If a pupil is enrolled in both a charter school and a public
27 school that is not a charter school, the sum of the daily membership,
28 which includes enrollment as prescribed in section 15-901, subsection A,
29 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed
30 in section 15-901, subsection A, paragraph 5, for that pupil in the school
31 district and the charter school shall not exceed 1.0. If a pupil is
32 enrolled in both a charter school and a public school that is not a
33 charter school, the department of education shall direct the average daily
34 membership to the school with the most recent enrollment date. On
35 validation of actual enrollment in both a charter school and a public
36 school that is not a charter school and if the sum of the daily membership
37 or daily attendance for that pupil is greater than 1.0, the sum shall be
38 reduced to 1.0 and shall be apportioned between the public school and the
39 charter school based on the percentage of total time that the pupil is
40 enrolled or in attendance in the public school and the charter school.
41 The uniform system of financial records shall include guidelines ~~for the~~
42 ~~apportionment of~~ **TO APPORTION** the pupil enrollment and attendance as
43 provided in this section.

44 D. Charter schools are allowed to accept grants and gifts to
45 supplement their state funding, but it is not the intent of the charter

1 school law to require taxpayers to pay twice to educate the same pupils.
2 The base support level for a charter school or for a school district
3 sponsoring a charter school shall be reduced by an amount equal to the
4 total amount of monies received by a charter school from a federal or
5 state agency if the federal or state monies are intended for the basic
6 maintenance and operations of the school. The superintendent of public
7 instruction shall estimate the amount of the reduction for the budget year
8 and shall revise the reduction to reflect the actual amount before May 15
9 of the current year. If the reduction results in a negative amount, the
10 negative amount shall be used in computing all budget limits and
11 equalization assistance, except that:

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

13 2. For a charter school sponsored by the state board of education,
14 the state board for charter schools, a university, a community college
15 district or a group of community college districts, the total of the base
16 support level and the charter additional assistance shall not be less than
17 zero.

18 E. If a charter school was a district public school in the prior
19 year and sponsored by the state board of education, the state board for
20 charter schools, a university, a community college district or a group of
21 community college districts, the reduction in subsection D of this section
22 applies. The reduction to the base support level of the charter school
23 shall equal the sum of the base support level and the charter additional
24 assistance received in the current year for those pupils who were enrolled
25 in the traditional public school in the prior year and are now enrolled in
26 the charter school in the current year.

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

30 G. At the request of a charter school, the county school
31 superintendent of the county where the charter school is located may
32 provide the same educational services to the charter school as prescribed
33 in section 15-308, subsection A. The county school superintendent may
34 charge a fee to recover costs for providing educational services to
35 charter schools.

36 H. If the sponsor of the charter school determines at a public
37 meeting that the charter school is not in compliance with federal law,
38 with the laws of this state or with its charter, the sponsor of a charter
39 school may submit a request to the department of education to withhold up
40 to ten percent of the monthly apportionment of state aid that would
41 otherwise be due the charter school. The department ~~of education~~ shall
42 adjust the charter school's apportionment accordingly. The sponsor shall
43 provide written notice to the charter school at least seventy-two hours
44 before the meeting and shall allow the charter school to respond to the
45 allegations of noncompliance at the meeting before the sponsor makes a

1 final determination to notify the department of education of
2 noncompliance. The charter school shall submit a corrective action plan
3 to the sponsor on a date specified by the sponsor at the meeting. The
4 corrective action plan shall be designed to correct deficiencies at the
5 charter school and to ensure that the charter school promptly returns to
6 compliance. When the sponsor determines that the charter school is in
7 compliance, the department ~~of education~~ shall restore the full amount of
8 state aid payments to the charter school.

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

30 J. A charter school may receive and spend monies distributed by the
31 department of education pursuant to section 42-5029, subsection E, section
32 42-5029.02, subsection A and section 37-521, subsection B.

33 K. If a school district transports or contracts to transport pupils
34 to the Arizona state schools for the deaf and the blind during any fiscal
35 year, the school district may transport or contract with a charter school
36 to transport sensory impaired pupils during that same fiscal year to a
37 charter school if requested by the parent of the pupil and if the distance
38 from the pupil's place of actual residence within the school district to
39 the charter school is less than the distance from the pupil's place of
40 actual residence within the school district to the campus of the Arizona
41 state schools for the deaf and the blind.

42 L. Notwithstanding any other law, a university under the
43 jurisdiction of the Arizona board of regents, a community college district
44 or a group of community college districts shall not include any student in
45 the student count of the university, community college district or group

1 of community college districts for state funding purposes if that student
2 is enrolled in and attending a charter school sponsored by the university,
3 community college district or group of community college districts.

4 M. The governing body of a charter school shall transmit a copy of
5 its proposed budget or the summary of the proposed budget and a notice of
6 the public hearing to the department of education for posting on the
7 department of education's website ~~no~~ NOT later than ten days before the
8 hearing and meeting. If the charter school maintains a website, the
9 charter school governing body shall post on its website a copy of its
10 proposed budget or the summary of the proposed budget and a notice of the
11 public hearing.

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

16 O. If permitted by federal law, a charter school may opt out of
17 federal grant opportunities if the charter holder or the appropriate
18 governing body of the charter school determines that the federal
19 requirements impose unduly burdensome reporting requirements.

20 P. For the purposes of this section, "monies intended for the basic
21 maintenance and operations of the school" means monies intended to provide
22 support for the educational program of the school, except that it does not
23 include supplemental assistance for a specific purpose or title VIII of
24 the elementary and secondary education act of 1965 monies. The auditor
25 general shall determine which federal or state monies meet this
26 definition.

27 Sec. 4. Section 15-249.06, Arizona Revised Statutes, is amended to
28 read:

29 15-249.06. College credit by examination incentive program:
30 incentive bonuses; report; program termination

31 A. The college credit by examination incentive program is
32 established within the department of education to provide an incentive
33 bonus to teachers, school districts and charter schools for students who
34 obtain a passing score on a qualifying examination for college credit
35 while in high school.

36 B. The Arizona board of regents shall maintain a list of qualifying
37 examinations that a high school student may take in order to receive
38 college credit in mathematics, English language arts, social studies or
39 science from any university under the jurisdiction of the Arizona board of
40 regents and the passing scores required on those examinations in order to
41 receive college credit. On or before September 1 of each year, the
42 Arizona board of regents shall provide the list of qualifying examinations
43 and passing scores to the department of education and shall submit this
44 list to the joint legislative budget committee ~~for review~~.

C. Beginning in fiscal year 2017-2018, the department of education shall pay an incentive bonus to school districts and charter schools for each student in grades nine through twelve who receives a passing score during the previous fiscal year on a qualifying examination identified by the Arizona board of regents pursuant to subsection B of this section. A student who receives a passing score on a qualifying examination and who is enrolled in a school where fifty percent or more of the students are eligible for free or ~~reduced-price~~ REDUCED-PRICE lunches shall generate for the school district or charter school a bonus of ~~four hundred fifty dollars~~ \$450 per passing score on a qualifying examination. A student who receives a passing score on a qualifying examination and who is enrolled in a school where less than fifty percent of the students are eligible for free or ~~reduced-price~~ REDUCED-PRICE lunches shall generate for the school district or charter school a bonus of ~~three hundred dollars~~ \$300 per passing score on a qualifying examination. If the statewide sum of per student bonuses awarded pursuant to this subsection exceeds the amount of available monies appropriated for incentive bonuses, the bonus monies shall be reduced proportionally to cover all eligible bonus awards.

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

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

F. PAYMENTS MADE BY THE DEPARTMENT OF EDUCATION PURSUANT TO THIS SECTION SHALL BE DISTRIBUTED TO SCHOOLS NOT LATER THAN MARCH 1 OF EACH YEAR. SCHOOL DISTRICTS AND CHARTER SCHOOLS MAY APPEAL THE ALLOCATION OF BONUS MONIES NOT LATER THAN AUGUST 1 OF EACH YEAR. THE DEPARTMENT MAY WITHHOLD UP TO \$10,000 OF THE MONIES APPROPRIATED FOR THE PURPOSES OF THIS SECTION TO ADDRESS ALLOCATION APPEALS BY SCHOOL DISTRICTS AND CHARTER SCHOOLS.

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

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

3 2. The number of students who received a passing score on a
4 qualifying examination and the number of incentive bonus awards
5 distributed.

6 3. The number and types of qualifying examinations taken by
7 students.

8 4. The amount of bonus monies received by each school.

9 ~~H.~~ H. Incentive bonuses distributed to and any bonus monies
10 received by a teacher are not compensation as defined in section 38-711.

11 ~~H.~~ I. The program established by this section ends on July 1, 2026
12 pursuant to section 41-3102.

13 Sec. 5. Section 15-249.08, Arizona Revised Statutes, is amended to
14 read:

15 15-249.08. Results-based funding fund: distributions:
16 requirements; reports

17 A. The results-based funding fund is established consisting of
18 legislative appropriations. The department of education shall administer
19 the fund. Monies in the fund are continuously appropriated.

20 B. The department of education shall distribute monies from the
21 results-based funding fund to school districts and charter schools as
22 follows:

23 1. Beginning in fiscal year 2017-2018:

24 (a) Each school operated by a school district or charter holder
25 shall receive ~~two hundred twenty-five dollars~~ \$225 from the fund per
26 student count if the school meets both of the following criteria:

27 (i) At the time the test prescribed in item (ii) of this
28 subdivision is administered, fewer than sixty percent of the pupils who
29 are enrolled in the school meet the eligibility requirements established
30 under the national school lunch and child nutrition acts (42 United States
31 Code sections 1751 through 1785) for free or reduced-price lunches, or an
32 equivalent measure recognized for participating in the federal free and
33 reduced-price lunch program and other school programs dependent on a
34 poverty measure, including the community eligibility provision for which
35 free and reduced-price lunch data is not available.

36 (ii) In results achieved during the spring of 2016, the school
37 performed in the top ten percent of all schools statewide as demonstrated
38 by the average percentage of pupils who obtained a passing score on the
39 mathematics portions of the statewide assessment and the percent of pupils
40 who passed the language arts portions of the statewide assessment.

41 (b) Each school operated by a school district or charter holder
42 shall receive ~~four hundred dollars~~ \$400 from the fund per student count if
43 the school meets both of the following criteria:

44 (i) At the time that the test prescribed in item (ii) of this
45 subdivision is administered, sixty percent or more of the pupils who are

1 enrolled in the school meet the eligibility requirements established under
2 the national school lunch and child nutrition acts (42 United States Code
3 sections 1751 through 1785) for free or reduced-price lunches, or an
4 equivalent measure recognized for participating in the federal free and
5 reduced-price lunch program and other school programs dependent on a
6 poverty measure, including the community eligibility provision for which
7 free and reduced-price lunch data is not available.

8 (ii) In results achieved during the spring of 2016, the school
9 performed in the top ten percent of schools pursuant to item (i) of this
10 subdivision, as demonstrated by the average percentage of those pupils who
11 obtained a passing score on the mathematics portions of the statewide
12 assessment and the percent of pupils who passed the language arts portions
13 of the statewide assessment.

14 (c) Each alternative high school that is subject to a specialized
15 rating system and that in 2014 was assigned the equivalent of a letter
16 grade designation of A pursuant to section 15-241 shall receive ~~four~~
17 ~~hundred dollars~~ \$400 from the fund per student count.

18 2. Beginning in fiscal year 2018-2019:

19 (a) Each school operated by a school district or charter holder
20 shall receive ~~two hundred twenty-five dollars~~ \$225 from the fund per
21 student count if the school has a letter grade designation of A pursuant
22 to section 15-241 from the prior fiscal year and fewer than sixty percent
23 of the pupils who are enrolled in the school meet the eligibility
24 requirements established under the national school lunch and child
25 nutrition acts (42 United States Code sections 1751 through 1785) for free
26 or reduced-price lunches, or an equivalent measure recognized for
27 participating in the federal free and reduced-price lunch program and
28 other school programs dependent on a poverty measure, including the
29 community eligibility provision in which free and reduced-price lunch data
30 is not available.

31 (b) Each school operated by a school district or charter holder
32 shall receive ~~four hundred dollars~~ \$400 from the fund per student count if
33 the school has a letter grade designation of A pursuant to section 15-241
34 from the prior fiscal year and sixty percent or more of the pupils who are
35 enrolled in the school meet the eligibility requirements established under
36 the national school lunch and child nutrition acts (42 United States Code
37 sections 1751 through 1785) for free or reduced-price lunches, or an
38 equivalent measure recognized for participating in the federal free and
39 reduced-price lunch program and other school programs dependent on a
40 poverty measure, including the community eligibility provision in which
41 free and reduced-price lunch data is not available.

42 C. Any monies received from the results-based funding fund by a
43 school district or charter holder shall be separately accounted for in the
44 school district's or charter holder's annual financial report. ~~Except as~~
45 ~~provided in this subsection, the monies shall be allocated directly to~~

~~enhance, expand or replicate the school site that generated the results-based funding~~ and shall not supplant monies budgeted or received from any other source that are generally provided to that school.

D. The majority of the monies received from the fund by a school district or charter holder shall be used AT THE SCHOOL THAT EARNED THE RESULTS for teacher salaries, to hire teachers, ~~and to provide for teacher professional development~~ FOR SCHOOL LEADER SALARIES, FOR CLASSROOM SUPPLIES AND FOR OTHER STRATEGIES TO SUSTAIN OUTCOMES FOR STUDENTS AT THAT SCHOOL. A portion of the monies received from the fund by a school district or charter holder may be used for ~~the expansion~~ EXPANDING and ~~replication of~~ REPLICATING that school site as a quality school model. ~~The monies shall be used to sustain and replicate results, to serve more students on a waiting list at a school with a letter grade designation of A or B and to increase salaries for teachers, other classroom staff and school leaders closing the achievement gap in high-poverty schools.~~ For the purposes of this subsection, "~~replication~~ EXPANDING AND REPLICATING" means:

1. PROVIDING FOR COSTS ASSOCIATED WITH adding seats and serving more students at the awarded school site, INCLUDING STUDENTS ON A WAITING LIST.

~~2. Using resources at a different location to improve that school or to sustain or accelerate academic growth.~~

~~3.~~ 2. Mentoring ~~other schools and~~ school leaders AND TEACHERS FROM OTHER SITES to replicate the model ~~or to provide other types of school improvement supports~~ AND INSTRUCTIONAL PRACTICES THAT SHOW RESULTS IN CLOSING THE ACHIEVEMENT GAP.

~~4.~~ 3. Physically expanding THE RESULTS-BASED FUNDING MODEL OR STRATEGIES AT another location TO IMPROVE ACADEMIC OUTCOMES AT THAT LOCATION AND TO ACCELERATE ACADEMIC GROWTH.

~~D.~~ E. Schools ~~receiving~~ THAT ARE NOT RESULTS-BASED FUNDED AND THAT RECEIVE funding ~~pursuant to~~ OR SUPPORT AS DESCRIBED IN subsection ~~C~~ D, ~~paragraph~~ PARAGRAPHS 2, ~~AND~~ 3 ~~or 4~~ of this section ~~must show steady improvement after~~ ARE ELIGIBLE TO RECEIVE THAT FUNDING OR SUPPORT FOR NOT MORE THAN three years ~~to remain eligible for funding~~.

F. ON OR BEFORE NOVEMBER 1 OF EACH YEAR, EACH SCHOOL THAT RECEIVED RESULTS-BASED FUNDING IN THE PRIOR FISCAL YEAR SHALL SUBMIT TO THE DEPARTMENT OF EDUCATION A REPORT THAT PROVIDES A BRIEF DESCRIPTION OF HOW THE DOLLARS WERE ALLOCATED PURSUANT TO SUBSECTIONS C AND D OF THIS SECTION. EACH SCHOOL THAT IS NOT RESULTS-BASED FUNDED BUT THAT RECEIVED FUNDING PURSUANT TO SUBSECTION E OF THIS SECTION SHALL SUBMIT A REPORT TO THE DEPARTMENT THAT SPECIFICALLY INDICATES THE NUMBER OF YEARS THE SCHOOL HAS RECEIVED THAT FUNDING. ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL COMPILE THE REPORTS FROM EACH LOCAL EDUCATION AGENCY AND PROVIDE THAT INFORMATION TO THE JOINT LEGISLATIVE BUDGET COMMITTEE, THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND

1 BUDGETING AND THE CHAIRPERSONS OF THE EDUCATION COMMITTEES OF THE HOUSE OF
2 REPRESENTATIVES AND THE SENATE, OR THEIR SUCCESSOR COMMITTEES.

3 G. FOR THE PURPOSES OF THIS SECTION, ONLY STUDENTS WHO ARE ELIGIBLE
4 TO BE INCLUDED IN A SCHOOL'S STUDENT COUNT SHALL BE CONSIDERED IN
5 DETERMINING THAT SCHOOL'S PERCENTAGES OF FREE OR REDUCED-PRICE LUNCH
6 STUDENTS OR OTHER POVERTY INDICATORS.

7 Sec. 6. Title 15, chapter 2, article 2, Arizona Revised Statutes,
8 is amended by adding section 15-249.15, to read:

9 15-249.15. Arizona industry credentials incentive program;
10 distributions; report; fund; program termination

11 A. THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE PROGRAM IS
12 ESTABLISHED WITHIN THE DEPARTMENT OF EDUCATION TO PROVIDE INCENTIVE AWARDS
13 TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION
14 DISTRICTS FOR HIGH SCHOOL GRADUATES WHO OBTAIN A CERTIFICATION, CREDENTIAL
15 OR LICENSE THAT IS ACCEPTED BY A VOCATION OR INDUSTRY THROUGH A CAREER
16 TECHNICAL EDUCATION COURSE OR PROGRAM.

17 B. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE OFFICE OF ECONOMIC
18 OPPORTUNITY SHALL PROVIDE AN IN-DEMAND EDUCATION LIST TO THE DEPARTMENT OF
19 EDUCATION THAT INCLUDES INFORMATION RELATED TO WAGES, BUSINESS GROWTH AND
20 JOB OPENINGS AND THAT IDENTIFIES AND RANKS THE TOP OCCUPATIONS IN EACH
21 INDUSTRY THAT ADDRESS A CRITICAL STATEWIDE, REGIONAL OR LOCAL ECONOMIC
22 NEED. THE OFFICE OF ECONOMIC OPPORTUNITY SHALL INCORPORATE INDUSTRY
23 FEEDBACK AS PART OF THE DEVELOPMENT OF THE IN-DEMAND EDUCATION LIST.

24 C. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION
25 SHALL ALIGN THE OFFICE OF ECONOMIC OPPORTUNITY IN-DEMAND EDUCATION LIST TO
26 THE CAREER TECHNICAL EDUCATION INDUSTRY CREDENTIALS LIST OF APPROVED
27 CAREER TECHNICAL EDUCATION PROGRAMS.

28 D. ON OR BEFORE FEBRUARY 1 OF EACH YEAR, THE DEPARTMENT OF
29 EDUCATION SHALL CONVENE A QUALITY SKILLS COMMISSION TO BE COMPOSED OF
30 INDIVIDUALS FROM THE OFFICE OF ECONOMIC OPPORTUNITY, THE DEPARTMENT OF
31 EDUCATION, THE ARIZONA COMMERCE AUTHORITY, SCHOOL DISTRICTS, CHARTER
32 SCHOOLS, CAREER TECHNICAL EDUCATION DISTRICTS, INDUSTRY PARTNERS AND
33 BUSINESS ORGANIZATIONS TO REVIEW A SEPARATE CAREER TECHNICAL EDUCATION
34 INDUSTRY CREDENTIAL LIST THAT INCLUDES ONLY THOSE CERTIFICATES,
35 CREDENTIALS AND LICENSES THAT WOULD QUALIFY FOR THE ARIZONA INDUSTRY
36 CREDENTIAL INCENTIVE PROGRAM.

37 E. ON OR BEFORE MARCH 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION
38 SHALL PUBLISH AND POST ON ITS WEBSITE AND SUBMIT TO THE JOINT LEGISLATIVE
39 BUDGET COMMITTEE FOR REVIEW THE CAREER TECHNICAL EDUCATION INDUSTRY
40 CREDENTIALS LIST THAT INCLUDES ONLY THOSE CERTIFICATES, CREDENTIALS AND
41 LICENSES THAT WOULD QUALIFY FOR THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE
42 PROGRAM IN THE SUBSEQUENT SCHOOL YEAR.

43 F. BEGINNING IN FISCAL YEAR 2020-2021, THE DEPARTMENT OF EDUCATION
44 SHALL PAY AN INCENTIVE AWARD OF \$1,000 TO SCHOOL DISTRICTS, CHARTER

1 SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS FOR EACH STUDENT WHO
2 MEETS BOTH OF THE FOLLOWING CONDITIONS:

3 1. DEMONSTRATES COMPLETION OF HIGH SCHOOL GRADUATION REQUIREMENTS
4 PURSUANT TO SECTION 15-701.01 IN THE SECOND SCHOOL YEAR PRECEDING THE
5 BUDGET YEAR.

6 2. COMPLETES A PROGRAM RESULTING IN A QUALIFYING CERTIFICATE,
7 CREDENTIAL OR LICENSE THAT IS INCLUDED ON THE CAREER TECHNICAL EDUCATION
8 INDUSTRY CREDENTIALS LIST PURSUANT TO SUBSECTION E OF THIS SECTION OR THAT
9 WAS INCLUDED ON THE LIST AT THE TIME THE STUDENT BEGAN THE PROGRAM.

10 G. IF THE STATEWIDE SUM OF THE INCENTIVE AWARDS PURSUANT TO
11 SUBSECTION F OF THIS SECTION EXCEEDS THE AMOUNT OF AVAILABLE MONIES
12 APPROPRIATED FOR INCENTIVE AWARDS, THE MONIES SHALL BE REDUCED
13 PROPORTIONALLY TO COVER ALL ELIGIBLE INCENTIVE AWARDEES. A STUDENT AT THE
14 PUBLIC SCHOOL MAY GENERATE ONLY ONE \$1,000 AWARD EVEN IF THE STUDENT EARNS
15 MORE THAN ONE QUALIFIED CERTIFICATE, CREDENTIAL OR LICENSE. THE
16 DEPARTMENT OF EDUCATION SHALL DISBURSE THE AWARD AMOUNT FOR A STUDENT TO
17 THE SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT
18 THAT THE STUDENT ATTENDED FOR COURSEWORK RELATED TO THE INDUSTRY
19 CREDENTIAL AWARD BEING PAID ON THAT STUDENT'S BEHALF. IF THE STUDENT
20 RECEIVED THAT COURSEWORK AT MORE THAN ONE SCHOOL DISTRICT, CHARTER SCHOOL
21 OR CAREER TECHNICAL EDUCATION DISTRICT, THE AWARD AMOUNT SHALL BE
22 ALLOCATED ON A PRO RATA BASIS IN A MANNER DETERMINED BY THE DEPARTMENT OF
23 EDUCATION.

24 H. A SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION
25 DISTRICT THAT RECEIVES AN INCENTIVE AWARD PURSUANT TO THIS SECTION SHALL
26 SPEND THESE MONIES ON ANY OF THE FOLLOWING:

27 1. FOR INSTRUCTIONAL COSTS AND PROFESSIONAL DEVELOPMENT FOR A
28 CAREER TECHNICAL EDUCATION PROGRAM TEACHER TO BECOME A CERTIFYING
29 PROFESSIONAL FOR AN APPROVED CERTIFICATE, CREDENTIAL OR LICENSE.

30 2. TO OFFSET THE STUDENTS' COST OF CERTIFICATION, CREDENTIALING OR
31 LICENSURE.

32 3. FOR DEVELOPMENTAL COSTS RELATED TO CREATING, EXPANDING OR
33 IMPROVING AN APPROVED SITE OF A CERTIFICATE, CREDENTIAL OR LICENSE CAREER
34 TECHNICAL PROGRAM OR COURSE.

35 4. FOR INSTRUCTIONAL HARDWARE, SOFTWARE OR SUPPLIES REQUIRED FOR
36 THE CERTIFICATION, CREDENTIALING OR LICENSURE.

37 5. FOR CAREER EXPLORATION IN ANY SCHOOL GRADE AND AWARENESS
38 ACTIVITIES FOR PARENTS, STUDENTS AND THE COMMUNITY FOR THE APPROVED
39 SECTORS.

40 I. ANY INCENTIVE AWARD MONIES RECEIVED BY A SCHOOL DISTRICT,
41 CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT PURSUANT TO THIS
42 SUBSECTION SHALL BE SEPARATELY ACCOUNTED FOR IN THE SCHOOL DISTRICT'S,
43 CHARTER SCHOOL'S OR CAREER TECHNICAL EDUCATION DISTRICT'S ANNUAL FINANCIAL
44 REPORT WITHIN THE CAREER TECHNICAL EDUCATION LINE ITEM WITH THE INTENT
45 THAT SCHOOL DISTRICTS, CHARTER SCHOOLS CAREER AND TECHNICAL EDUCATION

1 DISTRICTS REPORT ON THE EXPENDITURES AS SPECIFIED IN SUBSECTION H OF THIS
2 SECTION.

3 J. SUBJECT TO REVIEW AND APPROVAL OF THE STATE BOARD OF EDUCATION,
4 THE DEPARTMENT OF EDUCATION SHALL ESTABLISH THE FORMAT OF THE ONLINE
5 APPLICATION, THE SUBMISSION OF DATA, THE REPORTING REQUIREMENTS, INCLUDING
6 SUBMITTAL OF DATA THROUGH A DESIGNATED ONLINE PORTAL, AND AUDIT PROCEDURES
7 FOR THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE PROGRAM.

8 K. SUBJECT TO THE REVIEW AND APPROVAL OF THE STATE BOARD OF
9 EDUCATION, ON OR BEFORE FEBRUARY 1 OF EACH YEAR, THE DEPARTMENT OF
10 EDUCATION SHALL SUBMIT TO THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE
11 HOUSE OF REPRESENTATIVES, THE GOVERNOR AND THE SECRETARY OF STATE A REPORT
12 THAT SUMMARIZES ALL OF THE FOLLOWING FOR THE PRIOR FISCAL YEAR:

13 1. THE NUMBER OF STUDENTS AT EACH SCHOOL, BY GRADE LEVEL, WHO WERE
14 ENROLLED IN A CAREER TECHNICAL EDUCATION PROGRAM OR COURSE WITH A
15 QUALIFYING CERTIFICATE, CREDENTIAL OR LICENSE.

16 2. THE NUMBER OF HIGH SCHOOL GRADUATES AT EACH SCHOOL WHO COMPLETED
17 A CAREER TECHNICAL EDUCATION PROGRAM AND OBTAINED A QUALIFYING
18 CERTIFICATE, CREDENTIAL OR LICENSE.

19 3. THE INCENTIVE AWARDS DISTRIBUTED TO EACH SCHOOL.

20 4. THE NUMBER AND TYPES OF CERTIFICATES, CREDENTIALS AND LICENSES
21 OBTAINED BY STUDENTS WHO RECEIVED INCENTIVE AWARDS.

22 L. THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE FUND IS ESTABLISHED
23 CONSISTING OF MONIES APPROPRIATED FOR THIS PURPOSE. THE DEPARTMENT OF
24 EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY
25 APPROPRIATED. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF
26 SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

27 M. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2029
28 PURSUANT TO SECTION 41-3102.

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

31 15-901. Definitions

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

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

1 (a) "Fractional student" means:

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

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

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

43 (i) For common schools, a student who is at least six years of age
44 before January 1 of a school year, who has not graduated from the highest
45 grade taught in the school district and who is regularly enrolled in a

1 course of study required by the state board of education. First, second
2 and third grade students or ungraded group B children with disabilities
3 who are at least five, but under six, years of age by September 1 must be
4 enrolled in an instructional program that meets for a total of at least
5 seven hundred twelve hours for a one hundred eighty-day school year, or
6 the instructional hours prescribed in this section. Fourth, fifth and
7 sixth grade students must be enrolled in an instructional program that
8 meets for a total of at least eight hundred ninety hours for a one hundred
9 eighty-day school year, or the instructional hours prescribed in this
10 section. Seventh and eighth grade students must be enrolled in an
11 instructional program that meets for at least one thousand hours. The
12 hours in which a student is scheduled to attend a common school during the
13 regular school day shall be included in the calculation of the average
14 daily membership for that student.

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

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

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

1 (v) Except as otherwise provided by law, for any student who is
2 concurrently enrolled in a school district and a charter school, the
3 average daily membership shall be apportioned between the school district
4 and the charter school and shall not exceed 1.0. The apportionment shall
5 be based on the percentage of total time that the student is enrolled in
6 or in attendance at the school district and the charter school.

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

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

18 (c) "Regular school day" means the regularly scheduled class
19 periods intended for instructional purposes. Instructional purposes may
20 include core subjects, elective subjects, lunch, study halls, music
21 instruction, and other classes that advance the academic instruction of
22 pupils, except that instructional purposes shall not include athletic
23 practices or extracurricular clubs and activities.

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

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

29 (a) Grades one through eight.

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

31 4. "Current year" means the fiscal year in which a school district
32 is operating.

33 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

23 (c) For common schools, the attendance of a preschool child with
24 disabilities shall be counted as one-fourth day's attendance for each
25 thirty-six minutes of attendance, except as provided in paragraph 1,
26 subdivision (a), item (i) of this subsection for children with
27 disabilities up to a maximum of three hundred sixty minutes each week.

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

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

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

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.

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

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

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

21 7. "District support level" means the base support level plus the
22 transportation support level.

23 8. "Eligible students" means:

24 (a) Students who are transported by or for a school district and
25 who qualify as full-time students or fractional students, except students
26 for whom transportation is paid by another school district or a county
27 school superintendent, and:

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

36 (ii) For high school students, whose place of actual residence
37 within the school district is more than one and one-half miles from the
38 school facility of attendance or students who are admitted pursuant to
39 section 15-816.01 and who meet the economic eligibility requirements
40 established under the national school lunch and child nutrition acts
41 (42 United States Code sections 1751 through 1785) for free or ~~reduced~~
42 ~~price~~ REDUCED-PRICE lunches and whose actual place of residence outside
43 the school district boundaries is more than one and one-half miles from
44 the school facility of attendance.

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

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

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

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

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

19 11. "High school district" means a political subdivision of this
20 state offering instruction to students for grades nine through twelve or
21 that portion of the budget of a common school district that is allocated
22 to teaching high school subjects with permission of the state board of
23 education.

24 12. "Revenue control limit" means the base revenue control limit
25 plus the transportation revenue control limit.

26 13. "Student count" means average daily membership as prescribed in
27 this subsection for the fiscal year before the current year, except that
28 for the purpose of budget preparation student count means average daily
29 membership as prescribed in this subsection for the current year.

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

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

34 16. "Total students transported" means all eligible students
35 transported from their place of residence to a school transportation
36 pickup point or to the school of attendance and from the school of
37 attendance or from the school transportation scheduled return point to
38 their place of residence.

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

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

43 1. "Base" means the revenue level per student count specified by
44 the legislature.

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

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

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

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

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

16 ~~(e) For fiscal year 2014-2015, three thousand three hundred~~
17 ~~seventy-three dollars eleven cents.~~

18 ~~(f) For fiscal year 2015-2016, three thousand six hundred dollars~~
19 ~~zero cents.~~

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

22 ~~(h) (a) For fiscal year 2017-2018, three thousand six hundred~~
23 ~~eighty-three dollars twenty-seven cents \$3,683.27.~~

24 ~~(i) (b) For fiscal year 2018-2019, three thousand nine hundred~~
25 ~~sixty dollars seven cents \$3,960.07.~~

26 (c) FOR FISCAL YEAR 2019-2020, \$4,150.43.

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

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

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

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

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

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

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

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

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

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

32 14. "Homebound" or "hospitalized" means a pupil who is capable of
33 profiting from academic instruction but is unable to attend school due to
34 illness, disease, accident or other health conditions, who has been
35 examined by a competent medical doctor and who is certified by that doctor
36 as being unable to attend regular classes for a period of not less than
37 three school months or a pupil who is capable of profiting from academic
38 instruction but is unable to attend school regularly due to chronic or
39 acute health problems, who has been examined by a competent medical doctor
40 and who is certified by that doctor as being unable to attend regular
41 classes for intermittent periods of time totaling three school months
42 during a school year. The medical certification shall state the general
43 medical condition, such as illness, disease or chronic health condition,
44 that is the reason that the pupil is unable to attend school. Homebound
45 or hospitalized includes a student who is unable to attend school for a

1 period of less than three months due to a pregnancy if a competent medical
2 doctor, after an examination, certifies that the student is unable to
3 attend regular classes due to risk to the pregnancy or to the student's
4 health.

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

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

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

10 18. "MD-SC, A-SC and SID-SC" means self-contained programs for
11 pupils with multiple disabilities, autism and severe intellectual
12 disability.

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

15 20. "MOID" means programs for pupils with moderate intellectual
16 disability.

17 21. "OI-R" means a resource program for pupils with orthopedic
18 impairments.

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

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

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

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

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

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

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

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

39 27. "Small school district" means a school district that meets all
40 of the following:

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

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

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

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

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

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

8 Sec. 8. Section 15-901.07, Arizona Revised Statutes, is amended to
9 read:

10 15-901.07. Concurrent coursework: calculation of average
11 daily membership; definition

12 A. A school district or a charter school may include students
13 enrolled in concurrent coursework for the purposes of calculating average
14 daily membership if the school district has received approval from the
15 state board of education or the charter school has received approval from
16 its sponsor to offer concurrent coursework and all of the following apply:

17 1. A student earns at least three semester hours of credit per
18 semester in the community college or university course.

19 2. A student is awarded academic credit by the school district or
20 charter school for the concurrent coursework pursuant to section
21 15-701.01.

22 3. The concurrent coursework is at a higher level than the course
23 taught at the school district or charter school in grades nine through
24 twelve.

25 4. A student who is enrolled in concurrent coursework also attends
26 at least one course offered at the school district or charter school per
27 semester.

28 5. The concurrent coursework is applicable to an established
29 community college academic degree or certificate program that is
30 transferable to a university under the jurisdiction of the Arizona board
31 of regents. Concurrent coursework that is applicable to a community
32 college occupational degree or certificate program may be transferable to
33 a university under the jurisdiction of the Arizona board of regents.

34 6. The school district or charter school pays the community college
35 or university for the tuition cost of the concurrent coursework or
36 reimburses the student for the tuition cost of the concurrent coursework.

37 B. A course at a community college or university of three semester
38 hours of credit or more is considered a subject for the purposes of
39 meeting the definition of full-time student prescribed in section 15-901.
40 A course at a community college or university of three semester hours of
41 credit or more is not required to meet one hundred twenty-three hours a
42 year, or the equivalent, to be considered a subject.

43 C. Instructional hours provided by a community college or
44 university to a student in concurrent coursework shall be included in the

1 calculation of the average daily membership for that student pursuant to
2 section 15-901.

3 ~~D. Notwithstanding the subject requirements prescribed in section~~
4 ~~15-901, the hours in which a student who is enrolled in concurrent~~
5 ~~coursework attends a high school shall be included in the calculation of~~
6 ~~the average daily membership for that student.~~

7 ~~E. D. Average daily membership~~ FOR CLASSES AT A COMMUNITY COLLEGE
8 OR UNIVERSITY shall be based on the COMMUNITY COLLEGE OR UNIVERSITY
9 CREDITS EARNED BY ~~combined hours that~~ the student. ~~is enrolled in at the~~
10 ~~school district or charter school and at the community college or~~
11 ~~university. Average daily membership shall be calculated by dividing the~~
12 ~~combined hours by seven hundred twenty, except that if a student in grade~~
13 ~~nine through twelve participates in Arizona online instruction, average~~
14 ~~daily membership shall be calculated by dividing the combined hours by~~
15 ~~nine hundred~~ FOR EACH COMMUNITY COLLEGE OR UNIVERSITY COURSE FOR WHICH
16 THREE CREDITS ARE EARNED, ONE-EIGHTH OF AN AVERAGE DAILY MEMBERSHIP SHALL
17 BE GENERATED. Except as otherwise provided by law, for a full-time high
18 school student who attends concurrent enrollment courses pursuant to this
19 section, the average daily membership may not exceed 1.0.

20 ~~F. E.~~ E. For the purposes of this section, "concurrent coursework"
21 means courses at a community college under the jurisdiction of a community
22 college district in this state or at a university under the jurisdiction
23 of the Arizona board of regents in the required or elective subjects that
24 satisfy high school graduation requirements pursuant to section 15-701.01.

25 Sec. 9. Section 15-913, Arizona Revised Statutes, is amended to
26 read:

27 ~~15-913. Education programs; juvenile detention centers; fund~~

28 A. Each county that operates a juvenile detention center shall
29 offer an education program to serve all school-age children in its
30 juvenile detention center. The county school superintendent and the
31 presiding juvenile court judge in each county shall agree on the method of
32 delivery of the juvenile detention center education program.

33 B. The state board of education shall prescribe standards and
34 achievement testing requirements for county juvenile detention center
35 education programs that ~~shall~~ attempt to ensure that the programs are
36 compatible with public school education goals and requirements. The
37 county school superintendent shall attempt to coordinate the program with
38 each pupil's school district of residence to assist the pupil's transition
39 back to the school district at the appropriate time.

40 C. A county may operate its juvenile detention center education
41 program through an existing accommodation school.

42 D. If a county chooses not to operate its juvenile detention center
43 education program through an existing accommodation school, the county
44 school superintendent may establish a detention center education fund to
45 provide financial support to the program. The detention center education

fund for each program shall consist of a base amount plus a variable amount. For fiscal year ~~1994-1995~~ 2019-2020, the base amount is ~~twenty thousand dollars~~ \$100,000 and the variable amount shall be determined pursuant to subsection E of this section. Beginning with fiscal year ~~1995-1996~~ 2020-2021, the base amount is the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation. The base amount and variable amount for each county or counties served shall be funded with state general fund monies, subject to appropriation. The county school superintendent must submit claims for payments to the ~~state~~ superintendent of public instruction. The county school superintendent shall deposit the payments into the detention center education fund. ANY EXCESS MONIES IN THE DETENTION CENTER EDUCATION FUND SHALL BE USED TO SUPPLEMENT CLASSROOM SPENDING.

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each child who had been in the detention center for more than forty-eight hours received an instructional program of at least two hundred forty minutes. ~~No~~ A school district may NOT count a child as being in attendance in that school district on a day that the child is counted for the purposes of this paragraph.

2. Multiply the number of days determined under paragraph 1 of this subsection by the following amount:

(a) For fiscal year ~~1994-1995~~ 2019-2020, ~~fifteen dollars~~ \$25.

(b) For fiscal year ~~1995-1996~~ 2020-2021 and thereafter, the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation.

3. For each child with a disability as defined in section 15-761 who had been in the detention center for more than forty-eight hours:

(a) Determine the amount prescribed in section 15-1204, subsection E, paragraph 1 or 2 and add ~~one hundred dollars~~ \$100 for capital outlay costs.

(b) Divide the sum determined under subdivision (a) of this paragraph by one hundred seventy-five.

(c) Subtract the amount prescribed in paragraph 2, subdivision (a) or (b) of this subsection from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the child received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all children with disabilities.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county detention center education program serves more than one county, the county school superintendents and the presiding juvenile court judges of the counties being served shall agree on a county of jurisdiction. The county school superintendent shall deposit into the detention center education fund of the county of jurisdiction monies that are received from the superintendent of public instruction pursuant to this section for all counties served by the county of jurisdiction.

G. If a county operated a juvenile detention center education program through an accommodation school in the year before it begins to operate its juvenile detention center education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the student count attributable to the JUVENILE detention center EDUCATION program.

Sec. 10. Section 15-945, Arizona Revised Statutes, is amended to read:

15-945. Transportation support level

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

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

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year 2018-2019 2019-2020
0.5 or less	2.64 2.69
More than 0.5 through 1.0	2.16 2.20
More than 1.0	2.64 2.69

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

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

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

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

14 F. School districts must provide the odometer reading for each bus
15 as of the end of the current year and the total bus mileage during the
16 current year.

17 Sec. 11. Section 15-972, Arizona Revised Statutes, is amended to
18 read:

19 15-972. State limitation on homeowner property taxes;
20 additional state aid to school districts;
21 definitions

22 A. Notwithstanding section 15-971, there shall be additional state
23 aid for education computed for school districts as provided in subsection
24 B of this section.

25 B. The clerk of the board of supervisors shall compute such
26 additional state aid for education as follows:

27 1. For a high school district or for a common school district
28 within a high school district that does not offer instruction in high
29 school subjects as provided in section 15-447:

30 (a) Determine the qualifying tax rate pursuant to section 41-1276
31 for the school district.

32 (b) Determine ~~the following percentage~~ 47.19 PERCENT of the
33 qualifying tax rate determined in subdivision (a) of this paragraph. ~~:-~~

34 ~~(i) Thirty-five percent through December 31, 2005.~~

35 ~~(ii) Thirty-six percent beginning from and after December 31, 2005~~
36 ~~through December 31, 2006.~~

37 ~~(iii) Thirty-seven percent beginning from and after December 31,~~
38 ~~2006 through December 31, 2007.~~

39 ~~(iv) Thirty-eight percent beginning from and after December 31,~~
40 ~~2007 through December 31, 2008.~~

41 ~~(v) Thirty-nine percent beginning from and after December 31, 2008~~
42 ~~through December 31, 2009.~~

43 ~~(vi) Forty percent beginning from and after December 31, 2009.~~

44 ~~(vii) Such further adjustments of the percentage beginning from and~~
45 ~~after December 31, 2012 as provided by law.~~

1 (c) Select the lesser of the amount determined in subdivision (b)
2 of this paragraph or ~~forty~~ 47.19 percent of the primary property tax rate
3 that would be levied in lieu of ~~the provisions of~~ this section for the
4 district.

5 (d) Multiply the rate selected in subdivision (c) of this paragraph
6 as a rate per ~~one hundred dollars~~ \$100 assessed valuation by the assessed
7 valuation used for primary property taxes of the residential property in
8 the school district.

9 2. For a unified school district, for a common school district not
10 within a high school district or for a common school district that offers
11 instruction in high school subjects as provided in section 15-447:

12 (a) Determine the qualifying tax rate pursuant to section 41-1276
13 for the school district.

14 (b) Determine ~~the following percentage~~ 47.19 PERCENT of the
15 QUALIFYING tax rate determined in subdivision (a) of this paragraph. ~~—~~

16 ~~(i) Thirty-five percent through December 31, 2005.~~

17 ~~(ii) Thirty-six percent beginning from and after December 31, 2005~~
18 ~~through December 31, 2006.~~

19 ~~(iii) Thirty-seven percent beginning from and after December 31,~~
20 ~~2006 through December 31, 2007.~~

21 ~~(iv) Thirty-eight percent beginning from and after December 31,~~
22 ~~2007 through December 31, 2008.~~

23 ~~(v) Thirty-nine percent beginning from and after December 31, 2008~~
24 ~~through December 31, 2009.~~

25 ~~(vi) Forty percent beginning from and after December 31, 2009.~~

26 ~~(vii) Such further adjustments of the percentage beginning from and~~
27 ~~after December 31, 2012 as provided by law.~~

28 (c) Select the lesser of the amount determined in subdivision (b)
29 of this paragraph or ~~forty~~ 47.19 percent of the primary property tax rate
30 that would be levied in lieu of ~~the provisions of~~ this section for the
31 district.

32 (d) Multiply the rate selected in subdivision (c) of this paragraph
33 as a rate per ~~one hundred dollars~~ \$100 assessed valuation by the assessed
34 valuation used for primary property taxes of the residential property in
35 the district.

36 C. The clerk of the board of supervisors shall report to the
37 department of revenue not later than the Friday following the third Monday
38 in August of each year the amount by school district of additional state
39 aid for education and the data used for computing the amount as provided
40 in subsection B of this section. The department of revenue shall verify
41 all of the amounts and report to the county board of supervisors not later
42 than August 30 of each year the property tax rate or rates that shall be
43 used for property tax reduction as provided in subsection E of this
44 section.

D. The board of supervisors shall reduce the property tax rate or rates that would be levied in lieu of ~~the provisions of~~ this section by the school district or districts on the assessed valuation used for primary property taxes of the residential property in the school district or districts by the rate or rates selected in subsection B, paragraph 1, subdivision (c) and paragraph 2, subdivision (c) of this section. The excess of the reduction in property taxes for a parcel of property resulting from the reduction in the property tax rate pursuant to this subsection over the amounts listed in this subsection shall be deducted from the amount of additional state aid for education. The reduction in property taxes on a parcel of property resulting from the reduction in the property tax rate pursuant to this subsection shall not exceed ~~the following amounts~~ \$600, except as provided in subsection I of this section. ~~:-~~

- ~~1. Five hundred dollars through December 31, 2005.~~
- ~~2. Five hundred twenty dollars beginning from and after December 31, 2005 through December 31, 2006.~~
- ~~3. Five hundred forty dollars beginning from and after December 31, 2006 through December 31, 2007.~~
- ~~4. Five hundred sixty dollars beginning from and after December 31, 2007 through December 31, 2008.~~
- ~~5. Five hundred eighty dollars beginning from and after December 31, 2008 through December 31, 2009.~~
- ~~6. Six hundred dollars beginning from and after December 31, 2009.~~

E. ~~Prior to the~~ BEFORE levying ~~of~~ taxes for school purposes, the board of supervisors shall determine whether the total primary property taxes to be levied for all taxing jurisdictions on each parcel of residential property, in lieu of ~~the provisions of~~ this subsection, violate article IX, section 18, Constitution of Arizona. For those properties that qualify for property tax exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of Arizona, eligibility for the credit is determined on the basis of the limited property value that corresponds to the taxable assessed value after reduction for the applicable exemption. If the board of supervisors determines that such a situation exists, the board shall apply a credit against the primary property taxes due from each such parcel in the amount in excess of article IX, section 18, Constitution of Arizona. Such excess amounts shall also be additional state aid for education for the school district or districts in which ~~such~~ THE parcel of property is located.

F. The clerk of the board of supervisors shall report to the department of revenue not later than September 5 of each year the amount by school district of additional state aid for education and the data used for computing the amount as provided in subsection B of this section. The department of revenue shall verify all of the amounts and report to the board of supervisors not later than September 10 of each year the property

1 tax rate that shall be used for property tax reduction as provided in
2 subsection E of this section.

3 G. The clerk of the board of supervisors shall report to the
4 department of revenue not later than September 30 of each year in writing
5 the following:

6 1. The data processing specifications used in the calculations
7 provided for in subsections B and E of this section.

8 2. At a minimum, copies of two actual tax bills for residential
9 property for each distinct tax area.

10 H. The department of revenue shall report to the state board of
11 education not later than October 12 of each year the amount by school
12 district of additional state aid for education as provided in this
13 section. The additional state aid for education provided in this section
14 shall be apportioned as provided in section 15-973.

15 I. If a parcel of property is owned by a cooperative apartment
16 corporation or is owned by the tenants of a cooperative apartment
17 corporation as tenants in common, the reduction in the property taxes
18 prescribed in subsection D of this section shall not exceed the amounts
19 listed in subsection D of this section for each owner-occupied housing
20 unit on the property. The assessed value used for determining the
21 reduction in taxes for the property is equal to the total assessed value
22 of the property times the ratio of the number of owner-occupied housing
23 units to the total number of housing units on the property. For the
24 purposes of this subsection, "cooperative apartment corporation" means a
25 corporation:

26 1. Having only one class of outstanding stock.

27 2. ~~OF WHICH~~ all of the stockholders ~~of which~~ are entitled, solely
28 by reason of their ownership of stock in the corporation, to occupy for
29 dwelling purposes apartments in a building owned or leased by ~~such~~ ~~THE~~
30 corporation and ~~who~~ ~~THAT~~ are not entitled, either conditionally or
31 unconditionally, except ~~upon~~ ~~ON~~ a complete or partial liquidation of the
32 corporation, to receive any distribution not out of earnings and profits
33 of the corporation.

34 3. ~~OF WHICH~~ eighty percent or more of the gross income ~~of which~~ is
35 derived from tenant-stockholders. For the purposes of this paragraph,
36 "gross income" means gross income as defined by the United States internal
37 revenue code, as defined in section 43-105.

38 J. The total amount of state monies that may be spent in any fiscal
39 year for state aid for education in this section shall not exceed the
40 amount appropriated or authorized by section 35-173 for that purpose.
41 This section ~~shall~~ ~~DOES~~ not ~~be construed to~~ impose a duty on an officer,
42 agent or employee of this state to discharge a responsibility or ~~to~~ create
43 any right in a person or group if the discharge or right would require an
44 expenditure of state monies in excess of the expenditure authorized by
45 legislative appropriation for that specific purpose.

K. Notwithstanding subsection E of this section, ~~beginning in fiscal year 2015-2016,~~ the maximum amount of additional state aid for education that will be funded by this state pursuant to subsection E of this section shall be ~~one million dollars~~ \$1,000,000 per county. For any county with a school district or districts that collectively would otherwise receive more than ~~one million~~ \$1,000,000 in additional state aid for education pursuant to subsection E of this section, the property tax oversight commission established by section 42-17002 shall determine the proportion of the violation of article IX, section 18, Constitution of Arizona, that is attributable to each taxing jurisdiction within the affected school district or districts. Based on those proportions, the property tax oversight commission shall determine an amount that each taxing jurisdiction within the affected school district or districts shall transfer to the affected school district or districts during the fiscal year in order to compensate the affected school district or districts for its pro rata share of the reduction in additional state aid for education funding required by this subsection. In determining the proportion of the violation of article IX, section 18, Constitution of Arizona, that is attributable to each taxing jurisdiction within the affected school district or districts, the property tax oversight commission shall assume a proportion of zero for any taxing jurisdiction that has a tax rate for the fiscal year that is equal to or less than the tax rate of peer jurisdictions, as determined by the property tax oversight commission.

L. For the purposes of this section:

1. "Owner" includes any purchaser under a contract of sale or under a deed of trust.

2. "Residential property" includes owner-occupied real property and improvements to the property and owner-occupied mobile homes that are used as the owner's primary residence and classified as class three property pursuant to section 42-12003.

Sec. 12. Section 15-994, Arizona Revised Statutes, is amended to read:

15-994. State equalization assistance property tax levy

A. The board of supervisors of each county ~~shall annually,~~ at the time of levying other taxes, **SHALL ANNUALLY** levy a state equalization assistance property tax on the property within the county. The tax levy for state equalization assistance shall be at a rate determined pursuant to section 41-1276, **EXCEPT THAT IF THE RATE DETERMINED PURSUANT TO SECTION 41-1276 FOR THE PRIOR FISCAL YEAR GENERATED MORE FUNDING THAN WAS NEEDED TO FUND TOTAL EQUALIZATION ASSISTANCE FOR ALL SCHOOL DISTRICTS IN THE COUNTY FOR THE PRIOR FISCAL YEAR PURSUANT TO SECTION 15-971, SUBSECTION C, PARAGRAPH 1, AS DETERMINED BY THE DEPARTMENT OF EDUCATION, THE STATE EQUALIZATION ASSISTANCE PROPERTY TAX RATE FOR THE COUNTY FOR THE CURRENT FISCAL YEAR SHALL EQUAL THE RATE THAT WOULD HAVE GENERATED FOR THAT COUNTY FOR THE PRIOR FISCAL YEAR THE AMOUNT NEEDED TO FUND TOTAL EQUALIZATION**

1 ASSISTANCE FOR ALL SCHOOL DISTRICTS IN THAT COUNTY FOR THE PRIOR FISCAL
2 YEAR PURSUANT TO SECTION 15-971, SUBSECTION C, PARAGRAPH 1, AS DETERMINED
3 BY THE DEPARTMENT. ON OR BEFORE AUGUST 1 OF EACH FISCAL YEAR, THE
4 DEPARTMENT SHALL NOTIFY THE BOARD OF SUPERVISORS OF A COUNTY OF THE STATE
5 EQUALIZATION PROPERTY TAX RATE THAT WOULD HAVE GENERATED FOR THE COUNTY
6 FOR THE PRIOR FISCAL YEAR THE AMOUNT NEEDED TO FUND TOTAL EQUALIZATION
7 ASSISTANCE FOR ALL SCHOOL DISTRICTS IN THAT COUNTY FOR THE PRIOR FISCAL
8 YEAR PURSUANT TO SECTION 15-971, SUBSECTION C, PARAGRAPH 1, IF THAT RATE
9 IS LOWER THAN THE RATE DETERMINED FOR THE COUNTY FOR THE PRIOR FISCAL YEAR
10 PURSUANT TO SECTION 41-1276. The tax levy provided for in this section
11 ~~shall~~ IS not ~~be~~ subject to title 42, chapter 17, articles 2 and 3. Except
12 as provided in section 15-365, the county treasurer shall apportion all
13 monies collected from the state equalization assistance property tax levy
14 to the school districts within the county in accordance with section
15 15-971, subsection C at the same time as other tax levy monies are
16 apportioned as provided in section 42-18001.

17 B. At the same time the county assessor is required to transmit
18 values to the county school superintendent as provided in section
19 42-17052, the assessor of each county shall provide in AN electronic
20 format to the superintendent of public instruction the assessed valuation
21 used for determining the primary property tax rate and the secondary
22 property tax rate for each school district in the county. On or before
23 January 15, the county assessor of each county shall provide in AN
24 electronic format to the superintendent of public instruction the actual
25 assessed valuation used for determining the primary property tax rate and
26 the secondary property tax rate for each school district in the county,
27 including any revisions made due to changes in the valuation of personal
28 property after the tax rates were determined.

29 Sec. 13. Section 15-1323, Arizona Revised Statutes, is amended to
30 read:

31 15-1323. Board of directors; fund; powers and duties

32 A. The board may bring actions and proceedings necessary to protect
33 the interests of the schools. Such proceedings shall be instituted in the
34 name of the Arizona state schools for the deaf and the blind.

35 B. The board shall be trustee of all donations of lands, monies or
36 other things of value for the benefit of the schools. Notwithstanding
37 title 35, chapters 1 and 2, the board may invest monies donated to the
38 school through a contract with an investment specialist. The
39 superintendent of the schools shall annually report to the board on the
40 use of monies received as donations or income from donations.

41 C. The board shall maintain an enterprise fund in which shall be
42 retained fees, rentals and other charges received for the use of school
43 facilities for nonschool events. ~~Monies in the enterprise fund may be~~
44 ~~used only to pay costs associated with operating facilities for the~~
45 ~~purpose for which the monies were received.~~

1 D. The board shall:

2 1. Provide from the funds appropriated for the schools all the
3 necessary staff, services, supplies and equipment.

4 2. Prescribe the system of records and accounts for the schools.

5 3. Cause to be kept a record of all important papers.

6 4. Cause to be kept a set of books and accounts ~~which~~ **THAT** show
7 every transaction made, every appropriation by the legislature for the
8 schools, the purchase, storage and consumption of supplies for
9 subsistence, construction and other purposes, receipts from all sources
10 and all expenditures made.

11 E. Books and records of the schools shall be open to public
12 inspection, unless otherwise restricted by law.

13 Sec. 14. Section 15-2011, Arizona Revised Statutes, is amended to
14 read:

15 **15-2011. Minimum school facility adequacy requirements:**
16 **definition**

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

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

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

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

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

45 4. The buildings are structurally sound.

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

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

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

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

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

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

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

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

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

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

38 2. Geographic factors.

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

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

43 1. Use the ~~most recent fortieth day~~ PROJECTED ONE HUNDREDTH DAY
44 average daily membership FOR THE CURRENT SCHOOL YEAR.

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

2 (a) Total gross square footage.

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

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

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

15 5. Include all portable and modular buildings.

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

22 (a) The excess square footage was constructed before July 1, 2002
23 or funded by a class B bond, impact aid revenue bond or capital outlay
24 override approved by the voters after August 1, 1998 and before June 30,
25 2002 or funded from unrestricted capital outlay expended before June 30,
26 2002.

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

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

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

37 8. Include square footage that a school district has leased to
38 another entity.

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

1 facilities board shall address all of the following in developing these
2 guidelines:

- 3 1. School sites.
- 4 2. Classrooms.
- 5 3. Libraries and media centers, or both.
- 6 4. Cafeterias.
- 7 5. Auditoriums, multipurpose rooms or other multiuse space.
- 8 6. Technology.
- 9 7. Transportation.
- 10 8. Facilities for science, arts and physical education.
- 11 9. Other facilities and equipment that are necessary and
12 appropriate to achieve the academic standards prescribed pursuant to
13 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
14 15-701.01.
- 15 10. Appropriate combinations of facilities or uses listed in this
16 section.

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

21 H. The school facilities board may consider appropriate
22 combinations of facilities or uses in making assessments of and curing
23 existing deficiencies pursuant to section 15-2002, subsection A, paragraph
24 1 and in certifying plans for new school facilities pursuant to section
25 15-2002, subsection A, paragraph 5.

26 I. If the school facilities board makes any changes to the minimum
27 adequacy requirements prescribed in this section, the board shall provide
28 a fiscal impact statement of the effect of the proposed changes to the
29 joint committee on capital review for review.

30 J. For the purposes of this section, "student capacity" means the
31 capacity adjusted to include any additions to or deletions of space,
32 including modular or portable buildings at the school. The school
33 facilities board shall determine the student capacity for each school in
34 conjunction with each school district, recognizing each school's
35 allocation of space as of July 1, 1998, to achieve the academic standards
36 prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13
37 and sections 15-701 and 15-701.01.

38 Sec. 15. Section 15-2022, Arizona Revised Statutes, is amended to
39 read:

40 15-2022. Emergency deficiencies correction fund; definition

41 A. ~~THE~~ THE emergency deficiencies correction fund is established
42 consisting of monies transferred from the new school facilities fund
43 established by section 15-2041. The school facilities board shall
44 administer the EMERGENCY DEFICIENCIES CORRECTION fund and distribute
45 monies in accordance with the rules of the school facilities board to

1 school districts for emergency purposes. The school facilities board
2 shall not transfer monies from the new school facilities fund if the
3 transfer will affect, interfere with, disrupt or reduce any capital
4 projects that the school facilities board has approved pursuant to section
5 15-2041. The school facilities board shall transfer to the emergency
6 deficiencies correction fund the amount necessary each fiscal year to
7 fulfill the requirements of this section. **WITHIN THIRTY DAYS AFTER**
8 **TRANSFERRING MONIES TO THE EMERGENCY DEFICIENCIES CORRECTION FUND, THE**
9 **SCHOOL FACILITIES BOARD SHALL REPORT TO THE DIRECTOR OF THE JOINT**
10 **LEGISLATIVE BUDGET COMMITTEE AND THE DIRECTOR OF THE GOVERNOR'S OFFICE OF**
11 **STRATEGIC PLANNING AND BUDGETING THE AMOUNT AND SOURCE OF THE TRANSFER.**
12 Monies in the **EMERGENCY DEFICIENCIES CORRECTION** fund are continuously
13 appropriated and are exempt from the provisions of section 35-190 relating
14 to lapsing of appropriations.

15 B. If the school facilities board determines that there are
16 insufficient monies in the emergency deficiencies correction fund to
17 correct an emergency, the school district may correct the emergency
18 pursuant to section 15-907.

19 C. If a school district has an emergency, the school district shall
20 apply to the school facilities board for funding for the emergency. The
21 school district's application shall disclose any insurance or building
22 renewal monies available to the school district to pay for the emergency.

23 D. The school facilities board staff shall acknowledge receipt of
24 the school district's application for emergency deficiencies funding in
25 writing within five business days ~~of~~ **AFTER** receiving the application. The
26 school facilities board staff shall include in the written acknowledgement
27 of receipt to the school district any investigative, study or
28 informational requirements from the school district, along with an
29 estimated timeline to complete the requirements, necessary for the school
30 facilities board staff to make a recommendation for funding to the school
31 facilities board.

32 E. For the purposes of this section, "emergency" means a serious
33 need for materials, services or construction or expenses in excess of the
34 **SCHOOL** district's adopted budget for the current fiscal year that
35 seriously threatens the functioning of the school district, the
36 preservation or protection of property or public health, welfare or
37 safety.

38 Sec. 16. Section 15-2041, Arizona Revised Statutes, is amended to
39 read:

40 **15-2041. New school facilities fund; capital plan; report**

41 A. The new school facilities fund is established consisting of
42 monies appropriated by the legislature and monies credited to the fund
43 pursuant to section 37-221. The school facilities board shall administer
44 the fund and distribute monies, as a continuing appropriation, to school
45 districts for the purpose of constructing new school facilities and for

1 contracted expenses pursuant to section 15-2002, subsection B, paragraphs
2 2, 3 and 4. On June 30 of each fiscal year, any unobligated contract
3 monies in the new school facilities fund shall be transferred to the
4 capital reserve fund established by section 15-2003.

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

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

11 2. A description of new schools or additions to existing schools
12 needed to meet the building adequacy standards prescribed in section
13 15-2011. The description shall include:

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

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

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

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

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

23 5. If a school district pays tuition for all or a portion of the
24 school district's high school pupils to another school district, the
25 capital plan shall indicate the number of pupils for which the district
26 pays tuition to another district. If a school district accepts pupils
27 from another school district pursuant to section 15-824, subsection A, the
28 school district shall indicate the projections for this population
29 separately. This paragraph does not apply to a small isolated school
30 district as defined in section 15-901.

31 C. If the capital plan indicates a need for a new school or an
32 addition to an existing school within the next four years or a need for
33 land within the next ten years, the school district shall submit its plan
34 to the school facilities board ~~by July~~ ON OR BEFORE SEPTEMBER 1 and shall
35 request monies from the new school facilities fund for the new
36 construction or land. The school facilities board may require a school
37 district to sell land that was previously purchased entirely with monies
38 provided by the school facilities board if the school facilities board
39 determines that the property is no longer needed within the ten-year
40 period specified in this subsection for a new school or no longer needed
41 within that ten-year period for an addition to an existing school. Monies
42 provided for land are in addition to any monies provided pursuant to
43 subsection D of this section.

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

1 1. The school facilities board shall review and evaluate the
 2 enrollment projections. On or before December ~~1~~ 15 of each year,
 3 following the submission of the enrollment projections, the school
 4 facilities board shall either approve the projections as submitted or
 5 revise the projections. In approving or revising the enrollment
 6 projections, the school facilities board shall use the ~~most recent~~
 7 ~~fortieth day~~ average daily membership data available during the current
 8 school year. On request from the school facilities board, the department
 9 of education shall make available the most recent average daily membership
 10 data for use in revising the enrollment projections. In determining new
 11 construction requirements, the school facilities board shall determine the
 12 net new growth of pupils that will require additional square footage that
 13 exceeds the building adequacy standards prescribed in section 15-2011. If
 14 the projected growth and the existing number of pupils exceed three
 15 hundred fifty pupils who are served in a school district other than the
 16 pupil's resident school district, the school facilities board, the
 17 receiving school district and the resident school district shall develop a
 18 capital facilities plan on how to best serve those pupils. A small
 19 isolated school district as defined in section 15-901 is not required to
 20 develop a capital facilities plan pursuant to this paragraph.

21 2. If the ~~most recent fortieth day~~ average daily membership ~~during~~
 22 ~~the current school year indicates~~ PROJECTIONS INDICATE that additional
 23 space ~~would~~ WILL not ~~have been~~ BE needed ~~during the current school year~~
 24 ~~WITHIN THE NEXT TWO SCHOOL YEARS~~ in order to meet the building adequacy
 25 standards prescribed in section 15-2011, the request shall be held for
 26 consideration by the school facilities board for possible future funding
 27 and the school district shall annually submit an updated plan until the
 28 additional space is needed.

29 3. If the ~~most recent fortieth day~~ average daily membership ~~during~~
 30 ~~the current school year indicates~~ PROJECTIONS INDICATE that additional
 31 space ~~would have been~~ WILL BE needed ~~during the current school year~~ WITHIN
 32 ~~THE NEXT TWO SCHOOL YEARS~~ in order to meet the building adequacy standards
 33 prescribed in section 15-2011, the school facilities board shall provide
 34 an amount as follows:

35 (a) Determine the number of pupils requiring additional square
 36 footage to meet building adequacy standards. This amount for elementary
 37 schools shall not be less than the number of new pupils for whom space
 38 will be needed in the next year and shall not exceed the number of new
 39 pupils for whom space will be needed in the next five years. This amount
 40 for middle and high schools shall not be less than the number of new
 41 pupils for whom space will be needed in the next four years and shall not
 42 exceed the number of new pupils for whom space will be needed in the next
 43 eight years.

44 (b) Multiply the number of pupils determined in subdivision (a) of
 45 this paragraph by the square footage per pupil. The square footage per

1 pupil is ninety square feet per pupil for preschool children with
2 disabilities, kindergarten programs and grades one through six, one
3 hundred square feet for grades seven and eight, one hundred thirty-four
4 square feet for a school district that provides instruction in grades nine
5 through twelve for fewer than one thousand eight hundred pupils and one
6 hundred twenty-five square feet for a school district that provides
7 instruction in grades nine through twelve for at least one thousand eight
8 hundred pupils. The total number of pupils in grades nine through twelve
9 in the district shall determine the square footage factor to use for net
10 new pupils. The school facilities board may modify the square footage
11 requirements prescribed in this subdivision for particular schools based
12 on any of the following factors:

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

15 (ii) Geographic factors.

16 (iii) Grade configurations other than those prescribed in this
17 subdivision.

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

20 (c) Multiply the product obtained in subdivision (b) of this
21 paragraph by the cost per square foot. The cost per square foot is ~~ninety~~
22 ~~dollars~~ \$90 for preschool children with disabilities, kindergarten
23 programs and grades one through six, ~~ninety-five dollars~~ \$95 for grades
24 seven and eight and ~~one hundred ten dollars~~ \$110 for grades nine through
25 twelve. The cost per square foot shall be adjusted annually for
26 construction market considerations based on an index identified or
27 developed by the joint legislative budget committee as necessary but not
28 less than once each year. The school facilities board shall multiply the
29 cost per square foot by 1.05 for any school district located in a rural
30 area. The school facilities board may only modify the base cost per
31 square foot prescribed in this subdivision for particular schools based on
32 geographic conditions or site conditions. For the purposes of this
33 subdivision, "rural area" means an area outside a thirty-five-mile radius
34 of a boundary of a municipality with a population of more than fifty
35 thousand persons.

36 (d) Once the school district governing board obtains approval from
37 the school facilities board for new facility construction monies,
38 additional portable or modular square footage created for the express
39 purpose of providing temporary space for pupils until the completion of
40 the new facility and any additional space funded by the school district
41 shall not be included by the school facilities board for the purpose of
42 new construction funding calculations. On completion of the new facility
43 construction project, any additional space funded by the school district
44 shall be included as prescribed by this chapter and, if the portable or
45 modular facilities continue in use, the portable or modular facilities

1 shall be included as prescribed by this chapter, unless the school
2 facilities board approves their continued use for the purpose of providing
3 temporary space for pupils until the completion of the next new facility
4 that has been approved for funding from the new school facilities fund.

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

11 5. If a career technical education district leases a building from
12 a school district, that building shall be included in the school
13 district's square footage calculation for the purposes of new construction
14 pursuant to this section.

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

18 7. A school district shall qualify for monies from the new school
19 facilities fund for additional square footage in a fiscal year only if the
20 school facilities board has approved or revised its enrollment projection
21 under paragraph 1 of this subsection on or before December ~~1~~ 15 of the
22 prior fiscal year.

23 E. Monies for architectural and engineering fees, project
24 management services and preconstruction services shall be distributed on
25 the completion of the analysis by the school facilities board of the
26 school district's request. After receiving monies pursuant to this
27 subsection, the school district shall submit a design development plan for
28 the school or addition to the school facilities board before any monies
29 for construction are distributed. If the school district's request meets
30 the building adequacy standards, the school facilities board may review
31 and comment on the district's plan with respect to the efficiency and
32 effectiveness of the plan in meeting state square footage and facility
33 standards before distributing the remainder of the monies. If the school
34 facilities board modifies the cost per square foot as prescribed in
35 subsection D, paragraph 3, subdivision (c) of this section, the school
36 facilities board may deduct the cost of project management services and
37 preconstruction services from the required cost per square foot. The
38 school facilities board may decline to fund the project if the square
39 footage is no longer required due to revised enrollment projections. **THE**
40 **SCHOOL FACILITIES BOARD MAY DECLINE A PORTION OF THE FUNDING IF A PORTION**
41 **OF THE SQUARE FOOTAGE IS NO LONGER NEEDED DUE TO REVISED ENROLLMENT**
42 **PROJECTIONS.**

43 F. The school facilities board shall distribute the monies needed
44 for land for new schools so that land may be purchased at a price that is
45 less than or equal to fair market value and in advance of the construction

1 of the new school. If necessary, the school facilities board may
 2 distribute monies for land to be leased for new schools if the duration of
 3 the lease exceeds the life expectancy of the school facility by at least
 4 fifty percent. A school district shall not use land purchased or
 5 partially purchased with monies provided by the school facilities board
 6 for a purpose other than a site for a school facility without obtaining
 7 prior written approval from the school facilities board. A school
 8 district shall not lease, sell or take any action that would diminish the
 9 value of land purchased or partially purchased with monies provided by the
 10 school facilities board without obtaining prior written approval from the
 11 school facilities board. The proceeds derived through the sale of any
 12 land purchased or partially purchased, or the sale of buildings funded or
 13 partially funded, with monies provided by the school facilities board
 14 shall be returned to the state fund from which it was appropriated and to
 15 any other participating entity on a proportional basis. Except as
 16 provided in section 15-342, paragraph 33, if a school district acquires
 17 real property by donation at an appropriate school site approved by the
 18 school facilities board, the school facilities board shall distribute an
 19 amount equal to twenty percent of the fair market value of the donated
 20 real property that can be used for academic purposes. The school district
 21 shall place the monies in the unrestricted capital outlay fund and
 22 increase the unrestricted capital budget limit by the amount of monies
 23 placed in the fund. Monies distributed under this subsection shall be
 24 distributed from the new school facilities fund. A school district that
 25 receives monies from the new school facilities fund for a donation of land
 26 pursuant to section 15-342, paragraph 33 shall not receive monies from the
 27 school facilities board for the donation of real property pursuant to this
 28 subsection. A school district shall not pay a consultant a percentage of
 29 the value of any of the following:

30 1. Donations of real property, services or cash from any of the
 31 following:

32 (a) Entities that have offered to provide construction services to
 33 the school district.

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

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

37 (d) Entities that develop land for residential use in that school
 38 district.

39 2. Monies received from the school facilities board on behalf of
 40 the school district.

41 3. Monies paid by the school facilities board on behalf of the
 42 school district.

43 G. In addition to distributions to school districts based on pupil
 44 growth projections, a school district may submit an application to the
 45 school facilities board for monies from the new school facilities fund if

1 one or more school buildings have outlived their useful life. If the
2 school facilities board determines that the school district needs to build
3 a new school building for these reasons, the school facilities board shall
4 remove the square footage computations that represent the building from
5 the computation of the school district's total square footage for purposes
6 of this section. If the square footage recomputation reflects that the
7 school district no longer meets building adequacy standards, the school
8 district qualifies for a distribution of monies from the new school
9 construction formula in an amount determined pursuant to subsection D of
10 this section. The school facilities board may only modify the base cost
11 per square foot prescribed in this subsection under extraordinary
12 circumstances for geographic factors or site conditions.

13 H. School districts that receive monies from the new school
14 facilities fund shall establish a district new school facilities fund and
15 shall use the monies in the district new school facilities fund only for
16 the purposes prescribed in this section. By October 15 of each year, each
17 school district shall report to the school facilities board the projects
18 funded at each school in the previous fiscal year with monies from the
19 district new school facilities fund and shall provide an accounting of the
20 monies remaining in the new school facilities fund at the end of the
21 previous fiscal year.

22 I. If a school district has surplus monies received from the new
23 school facilities fund, the school district may use the surplus monies
24 only for capital purposes for the project for up to one year after
25 completion of the project. If the school district possesses surplus
26 monies from the new school construction project that have not been
27 expended within one year of the completion of the project, the school
28 district shall return the surplus monies to the school facilities board
29 for deposit in the new school facilities fund.

30 J. The board's consideration of any application filed after
31 December 31 of the year in which the property becomes territory in the
32 vicinity of a military airport or ancillary military facility as defined
33 in section 28-8461 for monies to fund the construction of new school
34 facilities proposed to be located in territory in the vicinity of a
35 military airport or ancillary military facility shall include, if after
36 notice is transmitted to the military airport pursuant to section 15-2002
37 and before the public hearing the military airport provides comments and
38 an analysis concerning compatibility of the proposed school facilities
39 with the high noise or accident potential generated by military airport or
40 ancillary military facility operations that may have an adverse effect on
41 public health and safety, consideration and an analysis of the comments
42 and an analysis provided by the military airport before making a final
43 determination.

44 K. If a school district uses its own project manager for new school
45 construction, the members of the school district governing board and the

1 project manager shall sign an affidavit stating that the members and the
2 project manager understand and will follow the minimum adequacy
3 requirements prescribed in section 15-2011.

4 L. The school facilities board shall establish a separate account
5 in the new school facilities fund designated as the litigation account to
6 pay attorney fees, expert witness fees and other costs associated with
7 litigation in which the school facilities board pursues the recovery of
8 damages for deficiencies correction that resulted from alleged
9 construction defects or design defects that the school facilities board
10 believes caused or contributed to a failure of the school building to
11 conform to the building adequacy requirements prescribed in section
12 15-2011. Attorney fees paid pursuant to this subsection shall not exceed
13 the market rate for similar types of litigation. On or before December 1
14 of each year, the school facilities board shall report to the joint
15 committee on capital review the costs associated with current and
16 potential litigation that may be paid from the litigation account.

17 M. Until the state board of education and the auditor general adopt
18 rules pursuant to section 15-213, subsection J, the school facilities
19 board may allow school districts to contract for construction services and
20 materials through the qualified select bidders list method of project
21 delivery for new school facilities pursuant to this section.

22 N. The school facilities board shall submit electronically a report
23 on project management services and preconstruction services to the
24 governor, the president of the senate and the speaker of the house of
25 representatives by December 31 of each year. The report shall compare
26 projects that use project management and preconstruction services with
27 those that do not. The report shall address cost, schedule and other
28 measurable components of a construction project. School districts,
29 construction-manager-at-risk firms and project management firms that
30 participate in a school facilities board funded project shall provide the
31 information required by the school facilities board in relation to this
32 report.

33 O. If a school district constructs new square footage according to
34 section 15-342, paragraph 33, the school facilities board shall review the
35 design plans and location of any new school facility submitted by school
36 districts and another party to determine whether the design plans comply
37 with the adequacy standards prescribed in section 15-2011 and the square
38 footage per pupil requirements pursuant to subsection D, paragraph 3,
39 subdivision (b) of this section. When the school district qualifies for a
40 distribution of monies from the new school facilities fund according to
41 this section, the school facilities board shall distribute monies to the
42 school district from the new school facilities fund for the square footage
43 constructed under section 15-342, paragraph 33 at the same cost per square
44 foot established by this section that was in effect at the time of the
45 beginning of the construction of the school facility. Before the school

1 facilities board distributes any monies pursuant to this subsection, the
2 school district shall demonstrate to the school facilities board that the
3 facilities to be funded pursuant to this section meet the minimum adequacy
4 standards prescribed in section 15-2011. The agreement entered into
5 pursuant to section 15-342, paragraph 33 shall set forth the procedures
6 for the allocation of these funds to the parties that participated in the
7 agreement.

8 P. Accommodation schools are not eligible for monies from the new
9 school facilities fund.

10 Q. If the school facilities board approves a school district for
11 funding from the new school facilities fund and the full legislative
12 appropriation is not available to the school district in the fiscal year
13 following the approval by the school facilities board, the school district
14 may use any legally available monies to pay for the land or the new
15 construction project approved by the school facilities board and may
16 reimburse the fund from which the monies were used in subsequent years
17 with legislative appropriations when those appropriations are made
18 available by this state.

19 Sec. 17. Title 15, chapter 19, article 1, Arizona Revised Statutes,
20 is amended by adding section 15-2405, to read:

21 15-2405. Department of education; third-party administrator

22 THE DEPARTMENT OF EDUCATION SHALL CONTRACT WITH A THIRD-PARTY
23 ADMINISTRATOR TO ASSIST THE DEPARTMENT IN THE FINANCIAL ADMINISTRATION OF
24 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS.

25 Sec. 18. Section 41-1276, Arizona Revised Statutes, is amended to
26 read:

27 41-1276. Truth in taxation levy for equalization assistance
28 to school districts

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

33 1. The chairmen of the house of representatives ways and means
34 committee and the senate finance committee, or their successor committees.

35 2. The chairmen of the appropriations committees of the senate and
36 the house of representatives, or their successor committees.

37 B. The truth in taxation rates consist of the qualifying tax rate
38 for a high school district or a common school district within a high
39 school district that does not offer instruction in high school subjects
40 pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax
41 rate for a unified district, a common school district not within a high
42 school district or a common school district within a high school district
43 that offers instruction in high school subjects pursuant to section
44 15-971, subsection B, paragraph 2 and a state equalization assistance
45 property tax rate pursuant to section 15-994 that will offset the change

1 in net assessed valuation of property that was subject to tax in the prior
2 year.

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

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

7 2. Determine the statewide net assessed value for the current tax
8 year, excluding the net assessed value of property that was not subject to
9 tax in the preceding year.

10 3. Divide the amount determined in paragraph 1 of this subsection
11 by the amount determined in paragraph 2 of this subsection.

12 4. Adjust the qualifying tax rates and the state equalization
13 assistance property tax rate for the current fiscal year by the percentage
14 determined in paragraph 3 of this subsection in order to offset the change
15 in net assessed value.

16 D. Except as provided in subsections E and G of this section, the
17 qualifying tax rate for a high school district or a common school district
18 within a high school district that does not offer instruction in high
19 school subjects, the qualifying tax rate for a unified school district, a
20 common school district not within a high school district or a common
21 school district within a high school district that offers instruction in
22 high school subjects and the state equalization assistance property tax
23 rate for the following fiscal year shall be the rate determined by the
24 joint legislative budget committee pursuant to subsection C of this
25 section. The committee shall transmit the rates to the superintendent of
26 public instruction and the county boards of supervisors by March 15 each
27 year.

28 E. If the legislature proposes either qualifying tax rates or a
29 state equalization assistance property tax rate that exceeds the truth in
30 taxation rate:

31 1. The house of representatives ways and means committee and the
32 senate finance committee, or their successor committees, shall hold a
33 joint hearing on or before February 28 and publish a notice of a truth in
34 taxation hearing ~~that meets~~ SUBJECT TO the following requirements:

35 (a) The notice shall be published twice in a newspaper of general
36 circulation in this state that is published at the state capital. The
37 first publication shall be at least fourteen but not more than twenty days
38 before the date of the hearing. The second publication shall be at least
39 seven but not more than ten days before the date of the hearing.

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

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

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

4 Truth in Taxation Hearing

5 Notice of Tax Increase

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

10 The proposed tax increase will cause the taxes on a
11 \$100,000 home to be \$(total proposed taxes including the tax
12 increase). Without the proposed tax increase, the total taxes
13 that would be owed on a \$100,000 home would have been
14 \$_____.

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

18 (e) For purposes of computing the tax increase on a ~~one hundred~~
19 ~~thousand dollar~~ \$100,000 home as required by the notice, the joint meeting
20 of the house of representatives ways and means committee and the senate
21 finance committee, or their successor committees, shall consider the
22 difference between the truth in taxation rate and the proposed increased
23 rate.

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

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

33 G. Notwithstanding any other law, the legislature shall not adopt a
34 state budget that provides for either qualifying tax rates pursuant to
35 section 15-971 or a state equalization assistance property tax rate
36 pursuant to section 15-994 that exceeds the truth in taxation rates
37 computed pursuant to subsection A of this section unless the rates are
38 adopted by a concurrent resolution approved by an affirmative roll call
39 vote of two-thirds of the members of each house of the legislature before
40 the legislature enacts the general appropriations bill. If the resolution
41 is not approved by two-thirds of the members of each house of the
42 legislature, the rates for the following fiscal year shall be the truth in
43 taxation rates determined pursuant to subsection C of this section and
44 shall be transmitted to the superintendent of public instruction and the
45 county boards of supervisors.

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

I. Pursuant to subsection C of this section, the qualifying tax rate in tax year ~~2008~~ 2019 for a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447 is ~~\$1.4622~~ \$1.8954 and for a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447 is ~~\$2.9244~~ \$3.7908. ~~The state equalization assistance property tax rate in tax years 2006, 2007 and 2008 is zero. The state equalization assistance property tax rate in tax year 2009 shall be computed by annually adjusting the tax year 2005 rate of \$0.4358 as provided by this section through tax year 2009~~ 2019 IS \$0.4566.

Sec. 19. Laws 2017, chapter 284, section 1 is amended to read:

Section 1. High-quality teacher professional development pilot program; annual report; program termination; delayed repeal; definitions

A. The department of education shall establish a high-quality teacher professional development pilot program and issue scholarships or grants, or both, on a competitive basis as determined by the department, to qualified applicants in order to obtain high-quality teacher professional development from a qualifying postsecondary institution that will support certificated teachers in gaining additional credentials and certifications to teach in high-need content areas. Scholarships and grants issued pursuant to this subsection may not exceed ~~two thousand dollars~~ \$2,000 per qualified applicant. Any qualified applicant who receives a scholarship or grant pursuant to this subsection shall agree to teach in a public school in this state for at least three additional years after completing the coursework or program at a qualifying postsecondary institution. A qualified applicant who accepts a scholarship or grant pursuant to this subsection and who does not teach in a public school in this state for at least three additional years after completing the coursework or program at a qualifying postsecondary institution shall be required to pay back the full amount of the scholarship or grant in a manner to be determined by the department. ~~THE DEPARTMENT MAY RETAIN UP TO THREE PERCENT OF THE MONIES APPROPRIATED FOR THE PILOT PROGRAM TO OFFSET ADMINISTRATIVE COSTS.~~

B. On or before November 1 of each year of the pilot program, the department of education shall submit to the governor, the president of the senate and the speaker of the house of representatives a report that

1 summarizes the results of the pilot program. The department shall provide
2 a copy of this report to the secretary of state.

3 C. The pilot program established pursuant to this section ends on
4 July 1, ~~2020~~ 2023.

5 D. This section is repealed from and after July 1, ~~2022~~ 2025.

6 E. For the purposes of this section:

7 1. "High-need content area" means any math, science, technology,
8 engineering or career and technical education content.

9 2. "Qualified applicant" means a teacher who is certificated in
10 this state by the state board of education pursuant to section 15-203,
11 Arizona Revised Statutes, and who is currently teaching in a public school
12 in this state.

13 3. "Qualifying postsecondary institution" means a regionally or
14 nationally accredited public or private postsecondary educational
15 institution in this state.

16 Sec. 20. Laws 2018, chapter 285, section 27 is amended to read:

17 Sec. 27. District additional assistance for school districts;
18 reductions; exemption; classroom spending

19 A. For fiscal years 2018-2019 through 2022-2023, the department of
20 education shall reduce by the amounts specified in paragraphs 1 through 4
21 of this subsection the amount of basic state aid that otherwise would be
22 apportioned to school districts statewide for district additional
23 assistance prescribed in section 15-961, Arizona Revised Statutes, and
24 shall reduce school district budget limits accordingly. The amount of
25 reduction is:

26 1. For fiscal year 2018-2019, \$257,469,900.

27 2. For fiscal year 2019-2020, ~~\$193,102,400~~ \$128,734,900.

28 3. For fiscal year 2020-2021, \$128,734,900.

29 4. For fiscal year 2021-2022, \$64,367,400.

30 5. For fiscal year 2022-2023 and each fiscal year thereafter,
31 \$0.00.

32 B. For fiscal years 2018-2019 through 2021-2022, the department of
33 education shall reduce district additional assistance for a school
34 district that is not eligible to receive basic state aid funding by the
35 amount that the school district's district additional assistance would be
36 reduced pursuant to subsection A of this section if the school district
37 were eligible to receive basic state aid funding and shall reduce the
38 school district's budget limits accordingly.

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

41 D. It is the intent of the governor and the legislature that school
42 districts increase the total percentage of classroom spending over the
43 previous year's percentages in the combined categories of instruction,
44 student support and instructional support as prescribed by the auditor
45 general.

1 Sec. 21. Laws 2018, chapter 285, section 28 is amended to read:

2 Sec. 28. Additional assistance funding for charter schools;
3 reductions

4 For fiscal years 2018-2019 through 2022-2023, the department of
5 education shall reduce by the amounts specified in paragraphs 1 through 4
6 of this section the amount of charter additional assistance funding that
7 otherwise would be apportioned to charter schools statewide pursuant to
8 section 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as
9 amended by this act. The funding reduction required for a fiscal year
10 under this section shall be made on a proportional basis based on the
11 charter additional assistance funding that each charter school in this
12 state would have received for the fiscal year without the prescribed
13 reduction. The amount of reduction is:

- 14 1. For fiscal year 2018-2019, \$13,628,800.
- 15 2. For fiscal year 2019-2020, ~~\$10,221,600~~ \$6,814,400.
- 16 3. For fiscal year 2020-2021, \$6,814,400.
- 17 4. For fiscal year 2021-2022, \$3,407,200.
- 18 5. For fiscal year 2022-2023 and each fiscal year thereafter,
19 \$0.00.

20 Sec. 22. Laws 2018, chapter 289, section 3 is amended to read:

21 Sec. 3. American civics education pilot program; reporting
22 requirements; fund; delayed repeal

23 A. The department of education shall develop a five-year pilot
24 program to begin in the 2019-2020 school year for American civics
25 education in grades nine through twelve to enhance the focus on American
26 civics education in schools selected to participate in the pilot program.
27 The department of education shall develop application procedures and
28 selection criteria for school districts, district schools and charter
29 schools that voluntarily decide to participate in the pilot program for
30 five consecutive years. The number of school districts, district schools
31 and charter schools selected to participate in the pilot program shall
32 proportionally reflect the number of school districts, district schools
33 and charter schools in Arizona. School districts that apply to
34 participate in the pilot program may apply for either of the entire school
35 district or one or multiple schools within the school district to
36 participate. The state board of education shall approve each school
37 district, district school and charter school selected by the department of
38 education to participate in the pilot program.

39 B. The department of education shall consider the extent to which a
40 school district, district school or charter school that applies to
41 participate in the pilot program currently provides American civics
42 education for high school students and shall prioritize school districts,
43 district schools and charter schools that it determines currently provide
44 fewer instructional hours on American civics education.

1 C. Each school district, district school or charter school selected
2 to participate in the pilot program shall:

3 1. Administer the assessment of American civics education selected
4 pursuant to subsection D of this section.

5 2. Require at least one American civics course lasting at least one
6 school semester. The curriculum for American civics courses offered
7 through the pilot program shall be determined by the individual school or
8 school district and may be administered through a digital software
9 program.

10 D. The department of education shall:

11 1. Subject to approval by the state board of education, submit a
12 request for proposals to assessment providers to deliver an assessment of
13 American civics education that the department of education determines to
14 be a more rigorous measure of American civics education than the test that
15 is identical to the civics portion of the naturalization test used by the
16 United States citizenship and immigration services pursuant to section
17 15-701.01, Arizona Revised Statutes, and that can be made available to
18 pupils in high schools selected to participate in the pilot program.

19 2. Establish the format of the applications, application procedures
20 and selection criteria for assessment providers that wish to submit a
21 proposal to deliver a qualifying American civics education assessment
22 pursuant to this subsection.

23 3. Subject to approval by the state board of education, select and
24 award a contract to one assessment provider to deliver the American civics
25 education assessment pursuant to this subsection.

26 4. Subject to approval by the state board of education, determine
27 the cut score on the assessment selected pursuant to this subsection to
28 determine proficiency in American civics education pursuant to this
29 section.

30 E. The assessment selected pursuant to subsection D of this section
31 is required to be administered to each pupil attending a participating
32 high school. School districts, district schools and charter schools
33 selected to participate in the pilot program are exempt from administering
34 the test that is identical to the civics portion of the naturalization
35 test used by the United States citizenship and immigration services
36 pursuant to section 15-701.01, Arizona Revised Statutes.

37 F. If the department of education determines on an annual basis
38 that a school or school district is not adequately educating pupils
39 participating in the pilot program the department may terminate the
40 participation of a school or school district in the pilot program, subject
41 to approval by the state board of education. The department of education
42 shall consider the performance of pupils on the assessment selected
43 pursuant to subsection D of this section when considering the termination
44 of the participation of a school or school district in the pilot program.

1 G. On or before September 31, 2019, the department of education
2 shall submit to the governor, the president of the senate and the speaker
3 of the house of representatives a progress report on the development and
4 administration of the pilot program established pursuant to this section.
5 The department shall submit a copy of this report to the secretary of
6 state.

7 H. On or before September 1, 2020 and each year thereafter through
8 the 2023-2024 school year, the department of education shall submit a
9 report detailing pupil results on the American civics education assessment
10 administered pursuant to subsection D of this section to the governor, the
11 president of the senate, the speaker of the house of representatives and
12 the state board of education. The department of education shall submit a
13 copy of this report to the secretary of state.

14 I. The American civics education fund is established consisting of
15 legislative appropriations and other monies transferred to the fund. The
16 department of education shall administer the fund. Monies in the fund are
17 ~~subject to legislative appropriation~~ CONTINUOUSLY APPROPRIATED. Monies in
18 the fund shall be used for the American civics education pilot program
19 established pursuant to this section. Monies in the fund are exempt from
20 the provisions of section 35-190, Arizona Revised Statutes, relating to
21 lapsing of appropriations.

22 J. This section is repealed from and after December 31, 2024.

23 Sec. 23. Small school weight for charter schools not
24 sponsored by the state board for charter schools

25 Notwithstanding section 15-185, subsection B, paragraph 1,
26 subdivision (b), Arizona Revised Statutes, or any interpretation of that
27 law:

28 1. The department of education shall allocate to charter schools
29 that are sponsored by entities other than the state board for charter
30 schools the full amount of the small school weight prescribed in section
31 15-943, paragraph 1, Arizona Revised Statutes, through fiscal year
32 2019-2020, including restoring any monies previously withheld based on
33 section 15-185, subsection B, paragraph 1, subdivision (b), Arizona
34 Revised Statutes.

35 2. The department of education may not seek repayment of monies
36 that were allocated in prior fiscal years for the small school weight from
37 charter schools that are sponsored by entities other than the state board
38 for charter schools pursuant to section 15-185, subsection B, paragraph 1,
39 Arizona Revised Statutes.

40 3. For fiscal year 2020-2021, the department of education shall
41 provide charter schools that are sponsored by entities other than the
42 state board for charter schools sixty-seven percent of the small school
43 weight prescribed in section 15-943, paragraph 1, Arizona Revised
44 Statutes.

1 4. For fiscal year 2021-2022, the department of education shall
2 provide charter schools that are sponsored by entities other than the
3 state board for charter schools thirty-three percent of the small school
4 weight prescribed in section 15-943, paragraph 1, Arizona Revised
5 Statutes.

6 Sec. 24. General budget limit increase; school districts in a
7 county with state equalization assistance property
8 tax levies exceeding equalization assistance;
9 fiscal year 2019-2020

10 A. The general budget limit for a school district that in fiscal
11 year 2018-2019 was in a county in which state equalization assistance
12 property tax levies pursuant to section 15-994, Arizona Revised Statutes,
13 exceeded total equalization assistance for all school districts in the
14 county pursuant to section 15-971, subsection C, paragraph 1, Arizona
15 Revised Statutes, shall be increased for fiscal year 2019-2020 by:

16 1. \$300,000 above the amount that otherwise would be computed for
17 the school district for fiscal year 2019-2020 pursuant to section 15-947,
18 Arizona Revised Statutes, if in fiscal year 2017-2018 the school district
19 had total attending average daily membership of at least three hundred but
20 less than four hundred pupils according to the annual report of the
21 superintendent of public instruction for fiscal year 2017-2018.

22 2. \$46,000 above the amount that otherwise would be computed for
23 the school district for fiscal year 2019-2020 pursuant to section 15-947,
24 Arizona Revised Statutes, if in fiscal year 2017-2018 the school district
25 had total attending average daily membership of at least five but less
26 than fifteen pupils according to the annual report of the superintendent
27 of public instruction for fiscal year 2017-2018.

28 B. A school district that receives a general budget limit increase
29 in fiscal year 2019-2020 pursuant to subsection A of this section shall
30 fund that increase with prior-year carryforward monies rather than through
31 an increase in its primary or secondary property tax rates and shall use
32 the increase only to fund capital items.

33 Sec. 25. Results-based funding; allocation formula; fiscal
34 year 2019-2020

35 Notwithstanding section 15-249.08, subsection B, paragraph 2,
36 Arizona Revised Statutes, for fiscal year 2019-2020, the department of
37 education shall distribute monies from the results-based funding fund
38 established by section 15-249.08, Arizona Revised Statutes, as follows:

39 1. Each school operated by a school district or charter holder
40 shall receive \$225 per student count from the fund if both of the
41 following apply:

42 (a) At the time the test prescribed in subdivision (b) of this
43 paragraph was administered, fewer than sixty percent of the pupils who
44 were enrolled in the school met the eligibility requirements established
45 under the national school lunch and child nutrition acts (42 United States

1 Code sections 1751 through 1785) for free or reduced-price lunches, or an
2 equivalent measure recognized for participating in the federal free and
3 reduced-price lunch program and other school programs dependent on a
4 poverty measure, including the community eligibility provision for which
5 free and reduced-price lunch data is not available.

6 (b) In results achieved during the spring of 2018, the school
7 performed in the top thirteen percent of all schools statewide as
8 demonstrated by the average percentage of pupils who obtained a passing
9 score on the mathematics portions of the statewide assessment and the
10 average percentage of pupils who obtained a passing score on the language
11 arts portions of the statewide assessment.

12 2. Each school operated by a school district or charter holder
13 shall receive \$400 per student count from the fund if both of the
14 following apply:

15 (a) At the time the test prescribed in subdivision (b) of this
16 paragraph was administered, sixty percent or more of the pupils who were
17 enrolled in the school met the eligibility requirements established under
18 the national school lunch and child nutrition acts (42 United States Code
19 sections 1751 through 1785) for free or reduced-price lunches, or an
20 equivalent measure recognized for participating in the federal free and
21 reduced-price lunch program and other school programs dependent on a
22 poverty measure, including the community eligibility provision for which
23 free and reduced-price lunch data is not available.

24 (b) In results achieved during the spring of 2018, the school
25 performed in the top thirteen percent of schools pursuant to subdivision
26 (a) of this paragraph, as demonstrated by the average percentage of those
27 pupils who obtained a passing score on the mathematics portions of the
28 statewide assessment and the average percentage of pupils who obtained a
29 passing score on the language arts portions of the statewide assessment.

30 3. Each school operated by a school district or charter holder
31 shall receive \$225 per student count from the fund if both of the
32 following apply:

33 (a) At the time the test prescribed in subdivision (b) of this
34 paragraph was administered, sixty percent or more of the pupils who were
35 enrolled in the school met the eligibility requirements established under
36 the national school lunch and child nutrition acts (42 United States Code
37 sections 1751 through 1785) for free or reduced-price lunches, or an
38 equivalent measure recognized for participating in the federal free and
39 reduced-price lunch program and other school programs dependent on a
40 poverty measure, including the community eligibility provision for which
41 free and reduced-price lunch data is not available.

42 (b) In results achieved during the spring of 2018, the school
43 performed in the top twenty-seven percent but not in the top thirteen
44 percent of schools pursuant to subdivision (a) of this paragraph, as
45 demonstrated by the average percentage of those pupils who obtained a

1 passing score on the mathematics portions of the statewide assessment and
2 the average percentage of pupils who obtained a passing score on the
3 language arts portions of the statewide assessment.

4 4. Each alternative high school shall receive \$400 per student
5 count from the fund if in the results achieved during testing conducted in
6 the spring of 2018 the school performed in the top twenty-seven percent of
7 schools identified pursuant to paragraph 3, subdivision (a) of this
8 section, as demonstrated by the average percentage of those pupils who
9 obtained a passing score on the mathematics portions of the statewide
10 assessment and the average percentage of pupils who obtained a passing
11 score on the language arts portions of the statewide assessment. An
12 alternative high school is eligible for funding under this paragraph only
13 if it reports the average percentage of pupils who obtained a passing
14 score on both the mathematics portions of the statewide assessment and the
15 language arts portions of the statewide assessment during testing
16 conducted in the spring of 2018.

17 Sec. 26. Retroactivity

18 Section 15-249.06, Arizona Revised Statutes, as amended by this act,
19 applies retroactively to from and after June 30, 2018.

20 Sec. 27. Intent

21 The governor and the legislature intend that school districts
22 increase the total percentage of classroom spending over the previous
23 year's percentages in the combined categories of instruction, student
24 support and instructional support as prescribed by the auditor general.

APPROVED BY THE GOVERNOR MAY 31, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 31, 2019.