18

COMMITTEE ON FINANCE SENATE AMENDMENTS TO S.B. 1473 (Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.

[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

<<Green strikeout in carets>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

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

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

- A. A school district is not financially responsible for any charter 7 school that is sponsored by the state board of education, the state board 8 for charter schools, a university under the jurisdiction of the Arizona 9 board of regents, a community college district or a group of community 10 college districts.
- B. Financial provisions for a charter school that is sponsored by 12 the state board of education, the state board for charter schools, a 13 university, a community college district or a group of community college 14 districts are as follows:
- 1. The charter school shall calculate a base support level as 16 prescribed in section 15-943 USE THE STATE STUDENT FUNDING FORMULA 17 PRESCRIBED IN SECTION 15-901.04, except that:
 - (a) Section 15-941 does not apply to these charter schools.
- 19 (b) The small school weights prescribed in section 15-943, 20 paragraph 1 apply if a charter holder holds one charter for one or more 21 school sites and the average daily membership for the school sites are 22 combined for the calculation of the small school weight. The small school 23 weight shall not be applied individually to a charter holder if one or 24 more of the following conditions exist and the combined average daily 25 membership derived from the following conditions is greater than six 26 hundred:
- 27 (i) The organizational structure or management agreement of the 28 charter holder requires the charter holder or charter school to contract 29 with a specific management company.

- (ii) The governing body of the charter holder has identical 2 membership to another charter holder in this state.
- (iii) The charter holder is a subsidiary of a corporation that has 4 other subsidiaries that are charter holders in this state.
 - (iv) The charter holder holds more than one charter in this state.
- (c) Notwithstanding subdivision (b) of this paragraph, for fiscal 7 years 2015-2016 and 2016-2017, the department of education shall reduce by 8 thirty-three percent the amount provided by the small school weight for 9 charter schools prescribed in subdivision (b) of this paragraph.
- 2. Notwithstanding paragraph 1 of this subsection, the student 10 11 count shall be determined initially using an estimated student count based 12 on actual registration of pupils before the beginning of the school year. 13 Notwithstanding section 15-1042, subsection F, student level data 14 submitted to the department may be used to determine estimated student 15 counts. After the first forty days, one hundred days or two hundred days 16 in session, as applicable, the charter school shall revise the student 17 count to be equal to the actual average daily membership, as defined in 18 section 15-901, of the charter school. Before the fortieth day, one 19 hundredth day or two hundredth day in session, as applicable, the state 20 board of education, the state board for charter schools, the sponsoring 21 university, the sponsoring community college district or the sponsoring 22 group of community college districts may require a charter school to 23 report periodically regarding pupil enrollment and attendance, and the 24 department of education may revise its computation of equalization 25 assistance based on the report. A charter school shall revise its student 26 count, base support level and charter STATE additional assistance before 27 May 15. A charter school that overestimated its student count shall 28 revise its budget before May 15. A charter school that underestimated its 29 student count may revise its budget before May 15.
- 3. A charter school may use section 15-855 for the purposes of this 30 31 section. The charter school and the department of education shall 32 prescribe procedures for determining average daily membership.
- 4. Equalization assistance for the charter school shall 34 determined by adding the amount of the base support level and charter 35 additional assistance. The amount of the charter additional assistance is 36 \$2,090.10 per student count in preschool programs for children with 37 disabilities, kindergarten programs and grades one through eight and 38 \$2,435.97 per student count in grades nine through twelve.
- 5. 4. The state board of education shall apportion state aid from 40 the appropriations made for such purposes to the state treasurer for 41 disbursement to the charter schools in each county in an amount as 42 determined by this paragraph. The apportionments shall be made as 43 prescribed in section 15-973, subsection B.
- 6. 5. The charter school shall not charge tuition for pupils who 45 reside in this state, levy taxes or issue bonds. A charter school may 46 admit pupils who are not residents of this state and shall charge tuition 47 for those pupils in the same manner prescribed in section 15-823.

- 7. 6. Not later than noon on the day preceding each apportionment 2 date established pursuant to paragraph $\frac{5}{5}$ 4 of this subsection, the 3 superintendent of public instruction shall furnish to the state treasurer 4 an abstract of the apportionment and shall certify the apportionment to 5 the department of administration, which shall draw its warrant in favor of 6 the charter schools for the amount apportioned.
- C. If a pupil is enrolled in both a charter school and a public 8 school that is not a charter school, the sum of the daily membership, 9 which includes enrollment as prescribed in section 15-901, subsection A. 10 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed 11 in section 15-901, subsection A, paragraph 5, for that pupil in the school 12 district and the charter school shall not exceed 1.0. If a pupil is 13 enrolled in both a charter school and a public school that is not a 14 charter school, the department of education shall direct the average daily 15 membership to the school with the most recent enrollment date. On 16 validation of actual enrollment in both a charter school and a public 17 school that is not a charter school and if the sum of the daily membership 18 or daily attendance for that pupil is greater than 1.0, the sum shall be 19 reduced to 1.0 and shall be apportioned between the public school and the 20 charter school based on the percentage of total time that the pupil is 21 enrolled or in attendance in the public school and the charter school. 22 The uniform system of financial records shall include guidelines to 23 apportion the pupil enrollment and attendance as provided in this section.
- D. Charter schools are allowed to accept grants and gifts to supplement their state funding, but it is not the intent of the charter school law to require taxpayers to pay twice to educate the same pupils. The base support level for a charter school or for a school district sponsoring a charter school shall be reduced by an amount equal to the total amount of monies received by a charter school from a federal or state agency if the federal or state monies are intended for the basic maintenance and operations of the school. The superintendent of public instruction shall estimate the amount of the reduction for the budget year and shall revise the reduction to reflect the actual amount before May 15 of the current year. If the reduction results in a negative amount, the negative amount shall be used in computing all budget limits and equalization assistance, except that:
 - 1. Equalization assistance shall not be less than zero.
- 38 2. For a charter school sponsored by the state board of education, 39 the state board for charter schools, a university, a community college 40 district or a group of community college districts, the total of the base 41 support level and the charter STATE additional assistance shall not be 42 less than zero.
- E. If a charter school was a district public school in the prior year and sponsored by the state board of education, the state board for charter schools, a university, a community college district or a group of community college districts, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school

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

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

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

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

32 T. H. In addition to the withholding of state aid payments 33 pursuant to subsection + G of this section, the sponsor of a charter 34 school may impose a civil penalty of \$1,000 per occurrence if a charter 35 school fails to comply with the fingerprinting requirements prescribed in 36 section 15-183, subsection C or section 15-512. The sponsor of a charter 37 school shall not impose a civil penalty if it is the first time the 38 charter school is out of compliance with the fingerprinting requirements 39 and if the charter school provides proof within forty-eight hours after 40 written notification that an application for the appropriate fingerprint 41 check has been received by the department of public safety. The sponsor 42 of the charter school shall obtain proof that the charter school has been 43 notified, and the notification shall identify the date of the deadline and 44 shall be signed by both parties. The sponsor of a charter school shall 45 automatically impose a civil penalty of \$1,000 per occurrence if the 46 sponsor determines that the charter school subsequently violates the 47 fingerprinting requirements. Civil penalties pursuant to this subsection

1 shall be assessed by requesting the department of education to reduce the 2 amount of state aid that the charter school would otherwise receive by an 3 amount equal to the civil penalty. The amount of state aid withheld shall 4 revert to the state general fund at the end of the fiscal year.

J. I. A charter school may receive and spend monies distributed by 6 the department of education pursuant to section 42-5029, subsection E, 7 section 42-5029.02, subsection A and section 37-521, subsection B.

★. J. If a school district transports or contracts to transport 9 pupils to the Arizona state schools for the deaf and the blind during any 10 fiscal year, the school district may transport or contract with a charter 11 school to transport sensory impaired pupils during that same fiscal year 12 to a charter school if requested by the parent of the pupil and if the 13 distance from the pupil's place of actual residence within the school 14 district to the charter school is less than the distance from the pupil's 15 place of actual residence within the school district to the campus of the 16 Arizona state schools for the deaf and the blind.

t. K. Notwithstanding any other law, a university under the 18 jurisdiction of the Arizona board of regents, a community college district 19 or a group of community college districts shall not include any student in 20 the student count of the university, community college district or group 21 of community college districts for state funding purposes if that student 22 is enrolled in and attending a charter school sponsored by the university, 23 community college district or group of community college districts.

M. L. The governing body of a charter school shall transmit a copy 25 of its proposed budget or the summary of the proposed budget and a notice 26 of the public hearing to the department of education for posting on the 27 department of education's website not later than ten days before the 28 hearing and meeting. If the charter school maintains a website, the 29 charter school governing body shall post on its website a copy of its 30 proposed budget or the summary of the proposed budget and a notice of the 31 public hearing.

M. The governing body of a charter school shall collaborate 32 33 with the private organization that is approved by the state board of 34 education pursuant to section 15-792.02 to provide approved board 35 examination systems for the charter school.

0. N. If allowed by federal law, a charter school may opt out of 36 37 federal grant opportunities if the charter holder or the appropriate 38 governing body of the charter school determines that the federal 39 requirements impose unduly burdensome reporting requirements.

P. O. For the purposes of this section, "monies intended for the 40 41 basic maintenance and operations of the school" means monies intended to 42 provide support for the educational program of the school, except that it 43 does not include supplemental assistance for a specific purpose or title 44 VIII of the elementary and secondary education act of 1965 monies. The 45 auditor general shall determine which federal or state monies meet this 46 definition.

- Sec. 2. Title 15, chapter 4, Arizona Revised Statutes, is amended 2 by adding article 6, to read:
- 3 ARTICLE 6. STATE STUDENT FUNDING FORMULA
- 4 15-495. School districts: state student funding formula:
 5 election: reversion to standard school finance
 6 formula
- A. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT THAT PROVIDES 8 INSTRUCTION TO STUDENTS IN ANY COMBINATION OF KINDERGARTEN PROGRAMS AND 9 GRADES ONE THROUGH TWELVE MAY ELECT TO USE THE STATE STUDENT FUNDING 10 FORMULA PRESCRIBED IN SECTION 15-901.04 TO DETERMINE THE SCHOOL DISTRICT'S 11 DISTRICT SUPPORT LEVEL IF THE SCHOOL DISTRICT MEETS [BOTH OF] THE 12 FOLLOWING [REQUIREMENTS]:
- 13 1. DOES NOT HAVE AN OVERRIDE IN PLACE PURSUANT TO SECTION 15-481 OR 14 15-482 AND EITHER:
- 15 (a) DOES NOT OWE ANY DEBT SERVICE PAYMENTS ON ANY CLASS A OR CLASS 16 B BOND.
- 17 (b) HAS FOUR OR FEWER REMAINING FISCAL YEARS IN WHICH THE SCHOOL 18 DISTRICT IS SCHEDULED TO MAKE PAYMENTS ON ANY CLASS A OR CLASS B BOND.
 - 2. HAS A SUPPORT LEVEL RATIO THAT EXCEEDS[:
- 20 <u>(a) NINETY PERCENT IN FISCAL YEAR 2025-2026.</u>
- 21 (b) EIGHTY PERCENT IN FISCAL YEAR 2026-2027.
 - (c) SEVENTY PERCENT IN FISCAL YEAR 2027-2028.
- 23 (d) SIXTY PERCENT IN FISCAL YEAR 2028-2029.
- 24 (e)] FIFTY PERCENT [IN FISCAL YEAR 2029-2030 AND EACH YEAR 25 THEREAFTER].
- 26 [3. FOR THE PURPOSES OF PARAGRAPH 2 OF THIS SUBSECTION.] THE 27 SUPPORT LEVEL RATIO IS CALCULATED BY:
- 28 (a) DIVIDING THE AMOUNT OF EQUALIZATION ASSISTANCE CALCULATED 29 PURSUANT TO SECTION 15-971, SUBSECTION A BY THE PRIMARY ASSESSED VALUATION 30 OF THE SCHOOL DISTRICT.
- 31 (b) DIVIDING THE AMOUNT CALCULATED PURSUANT TO SUBDIVISION (a) OF 32 THIS PARAGRAPH BY ONE-TENTH OF THE QUALIFYING TAX RATE PRESCRIBED IN 33 SECTION 41-1276, SUBSECTION I, PARAGRAPH 2.
- 34 B. A SCHOOL DISTRICT THAT IS ELIGIBLE UNDER SUBSECTION A OF THIS 35 SECTION MAY ELECT TO USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN 36 SECTION 15-901.04 PURSUANT TO THE FOLLOWING:
- 1. IF THE ESTIMATED TOTAL SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE 38 WILL BE LESS THAN OR EQUAL TO THE PRIOR YEAR TOTAL SCHOOL DISTRICT PRIMARY 39 PROPERTY TAX RATE, THE SCHOOL DISTRICT GOVERNING BOARD MAY DO EITHER OF 40 THE FOLLOWING:
- 41 (a) VOTE AT A GOVERNING BOARD MEETING TO USE THE STATE STUDENT 42 FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04.
- 43 (b) CALL AN ELECTION TO SUBMIT TO THE VOTERS THE QUESTION OF 44 WHETHER THE SCHOOL DISTRICT SHOULD USE THE STATE STUDENT FUNDING FORMULA 45 PRESCRIBED IN SECTION 15-901.04.
- 46 2. IF THE ESTIMATED TOTAL SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE 47 WILL BE GREATER THAN THE PRIOR YEAR TOTAL SCHOOL DISTRICT PRIMARY PROPERTY

- 1 TAX RATE, THE SCHOOL DISTRICT GOVERNING BOARD MAY CALL AN ELECTION TO 2 SUBMIT TO THE VOTERS THE QUESTION OF WHETHER THE SCHOOL DISTRICT SHOULD 3 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04.
- 4 3. IF THE SCHOOL DISTRICT GOVERNING BOARD CALLS AN ELECTION 5 PURSUANT TO PARAGRAPH 1 OR 2 OF THIS SUBSECTION, THE QUESTION MUST BE 6 SUBMITTED TO A VOTE OF THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS 7 PRESCRIBED IN SECTION 15-401 AND SUBJECT TO SECTION 15-402. THE QUESTION 8 SUBMITTED TO THE QUALIFIED ELECTORS MUST DESCRIBE THE TAX RATE THAT IS 9 ASSOCIATED WITH USING THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN 10 SECTION 15-901.04 AND THE ESTIMATED COST OF THAT TAX RATE FOR THE OWNER OF 11 A SINGLE-FAMILY HOME THAT IS VALUED AT \$200,000. THE SCHOOL DISTRICT 12 GOVERNING BOARD SHALL ORDER THE ELECTION TO BE HELD ON THE FIRST TUESDAY 13 AFTER THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED IN SECTION 16-204, 14 SUBSECTION F.
- 4. IF THE SCHOOL DISTRICT IS AUTHORIZED TO USE THE STATE STUDENT FUNDING FORMULA PURSUANT TO PARAGRAPH 1 OR 2 OF THIS SUBSECTION, THE SCHOOL DISTRICT SHALL USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04 AND SHALL NO LONGER USE THE STANDARD SCHOOL FINANCE FORMULA BEGINNING IN THE NEXT FISCAL YEAR FOLLOWING THE AUTHORIZATION.
- 20 C. A SCHOOL DISTRICT THAT IS USING THE STATE STUDENT FUNDING 21 FORMULA PRESCRIBED IN SECTION 15-901.04 MAY NOT:
- 1. USE ANY OTHER SOURCE OF PROPERTY TAX-GENERATED FUNDING OTHER THAN THE STATE STUDENT FUNDING FORMULA, INCLUDING FUNDING GENERATED PURSUANT TO ANY OF THE FOLLOWING:
- 25 (a) SECTION 15-481.

- (b) SECTION 15-482.
- (c) SECTION 15-910.
- 28 (d) SECTION 15-946.
- 29 (e) SECTION 15-949.
- 30 (f) SECTION 15-954.
- 31 (g) SECTION 15-995.
- 32 (h) CHAPTER 9, ARTICLE 7 OF THIS TITLE.
- 2. APPLY FOR OR RECEIVE ANY FUNDING FROM THE DIVISION OF SCHOOL FACILITIES WITHIN THE DEPARTMENT OF ADMINISTRATION OR THE SCHOOL SECOND FACILITIES OVERSIGHT BOARD, EXCEPT THAT A SCHOOL DISTRICT MAY RECEIVE FUNDING FOR NEW SCHOOL FACILITIES PURSUANT TO SECTION 41-5741.
- 37 3. RECEIVE DISTRICT ADDITIONAL ASSISTANCE PURSUANT TO SECTION 38 15-961.
- D. IF A SCHOOL DISTRICT APPROVES THE USE OF THE STATE STUDENT 40 FUNDING FORMULA AS PRESCRIBED IN SUBSECTION B OF THIS SECTION AND THE 41 SCHOOL DISTRICT GOVERNING BOARD SUBSEQUENTLY DECIDES BY A MAJORITY VOTE OF 42 ITS MEMBERS TO REVERT TO THE STANDARD SCHOOL FINANCE FORMULA, THE SCHOOL 43 DISTRICT GOVERNING BOARD SHALL CALL AN ELECTION TO DETERMINE THE QUESTION 44 OF WHETHER TO NO LONGER USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED 45 IN SECTION 15-901.04 AND TO REVERT TO THE STANDARD SCHOOL FINANCE FORMULA. 46 THE QUESTION SHALL BE SUBMITTED TO A VOTE OF THE QUALIFIED ELECTORS OF THE 47 SCHOOL DISTRICT AS PRESCRIBED IN SECTION 15-401 AND SUBJECT TO SECTION

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1 15-402. THE SCHOOL DISTRICT GOVERNING BOARD SHALL ORDER THE ELECTION TO 2 BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER AS 3 PRESCRIBED IN SECTION 16-204, SUBSECTION F. IF A MAJORITY OF THE 4 QUALIFIED ELECTORS OF THE SCHOOL DISTRICT WHO VOTE ON THE QUESTION VOTE TO 5 NO LONGER USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 6 15-901.04 AND TO REVERT TO THE STANDARD SCHOOL FINANCE FORMULA, THE SCHOOL 7 DISTRICT MAY USE ALL OTHER AVAILABLE FUNDING AUTHORIZED BY LAW IN THE NEXT 8 FISCAL YEAR FOLLOWING THE ELECTION HELD PURSUANT TO THIS SUBSECTION. A 9 SCHOOL DISTRICT MAY NOT SUBMIT A QUESTION FOR AN OVERRIDE OR CLASS A OR 10 CLASS B BOND ALONG WITH A QUESTION TO OPT OUT OF THE STATE STUDENT FUNDING 11 FORMULA PRESCRIBED IN SECTION 15-901.04 IN THE SAME ELECTION.

12 E. FOR THE PURPOSES OF THIS SECTION, SCHOOL DISTRICT DOES NOT 13 INCLUDE A CAREER TECHNICAL EDUCATION DISTRICT AS DEFINED IN SECTION 14 15-391.

15 Sec. 3. Section 15-808, Arizona Revised Statutes, is amended to 16 read:

15-808. Arizona online instruction; reports; definitions

- A. Arizona online instruction shall be instituted to meet the needs 19 of pupils in the information age. The state board of education shall 20 select district public schools and state-approved charter authorizers 21 shall sponsor charter schools to be online course providers or online 22 schools. The state board of education and state-approved charter 23 authorizers shall develop standards for the approval of online course 24 providers and online schools based on the following criteria:
 - 1. The depth and breadth of curriculum choices.
- 2. The variety of educational methodologies employed by the school 27 and the means of addressing the unique needs and learning styles of 28 targeted pupil populations, including computer-assisted learning systems, 29 virtual classrooms, virtual laboratories, electronic field trips, e-mail 30 EMAIL, virtual tutoring, online help desk, group chat sessions and 31 noncomputer-based activities performed under the direction of a 32 certificated teacher.
- 33 3. The availability of an intranet or private network to safeguard 34 pupils against predatory and pornographic elements of the internet.
 - 4. The availability of filtered research access to the internet.
- 5. The availability of private individual e-mail EMAIL between pupils, teachers, administrators and parents in order to protect the second confidentiality of pupil records and information.
- 39 6. The availability of faculty members who are experienced with 40 computer networks, the internet and computer animation.
- 7. The extent to which the school intends to develop partnerships 42 with universities, community colleges and private businesses.
- 8. The services offered to populations with developmental disabilities.
 - 9. The grade levels that will be served.
- B. Each new school that provides online instruction shall provide from the instruction on a probationary status. After a new school that

1 provides online instruction has clearly demonstrated the academic 2 integrity of its instruction through the actual improvement of the 3 academic performance of its students, the school may apply to be removed 4 from probationary status. The state board of education or 5 state-approved charter authorizer that sponsored the charter school shall 6 remove from Arizona online instruction any probationary school that fails 7 to clearly demonstrate improvement in academic performance within three 8 years measured against goals in the approved application and the state's 9 accountability system. All pupils who participate in Arizona online 10 instruction shall reside in this state. Pupils who participate in Arizona 11 online instruction are subject to the testing requirements prescribed in 12 chapter 7, article 3 of this title. On enrollment, the school shall 13 notify the parents or guardians of the pupil of the state testing 14 requirements. If a pupil fails to comply with the testing requirements 15 and the school administers the tests pursuant to this subsection to less 16 than ninety-five percent of the pupils in Arizona online instruction, the 17 pupil shall not be allowed to participate in Arizona online instruction.

- 18 C. The state board of education and state-approved charter 19 authorizers shall develop annual reporting mechanisms for schools that 20 participate in Arizona online instruction.
- D. The department of education shall compile the information 22 submitted in the annual reports by schools participating in Arizona online 23 instruction. The department of education shall submit the compiled report 24 to the governor, the speaker of the house of representatives and the 25 president of the senate by November 15 of each year.
- E. Each school selected for Arizona online instruction shall ensure that a daily log is maintained for each pupil who participates in Arizona online instruction. The daily log shall describe the amount of time spent by each pupil participating in Arizona online instruction pursuant to this section on academic tasks. The daily log shall be used by the school district or charter school to qualify the pupils who participate in Arizona online instruction in the school's average daily attendance as calculations pursuant to subsection F of this section.
- F. If a pupil is enrolled in a school district or charter school and also participates in Arizona online instruction, the sum of the average daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 5, for that pupil in the school district or charter school and in Arizona online instruction shall not exceed 1.0. If the pupil is enrolled in a school district or a charter school and also participates in Arizona online instruction and the sum of the daily membership or daily attendance as for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the school district, unless the school district is a career technical education district subject to the apportionment requirements of section 15-393, or charter school and Arizona online instruction based on the percentage of total time that the

1 pupil is enrolled or in attendance in the school district or charter 2 school and Arizona online instruction. The uniform system of financial 3 records shall include guidelines for the apportionment of the pupil 4 enrollment and attendance as provided in this subsection. Pupils in 5 Arizona online instruction do not incur absences for purposes of this 6 subsection and may generate an average daily attendance of 1.0 for 7 attendance hours during any hour of the day, during any day of the week 8 and at any time between July 1 and June 30 of each fiscal year. 9 kindergarten programs and grades one through eight, average daily 10 membership shall be calculated by dividing the instructional hours as 11 reported in the daily log required in subsection E of this section by the 12 applicable hourly requirements prescribed in section 15-901. For grades 13 nine through twelve, average daily membership shall be calculated by 14 dividing the instructional hours as reported in the daily log required in 15 subsection E of this section by nine hundred. The average daily 16 membership of a pupil who participates in online instruction shall not 17 exceed 1.0. Average daily membership shall not be calculated on the one 18 hundredth day of instruction for the purposes of this section. Funding 19 shall be determined as follows:

- 1. A pupil who is enrolled full-time FULL TIME in Arizona online 21 instruction shall be funded for online instruction at ninety-five percent 22 of the base support level that would be calculated for that pupil if that 23 pupil were enrolled as a full-time student in a school district or charter 24 school that does not participate in Arizona online instruction. Charter 25 STATE additional assistance and district additional assistance shall be 26 calculated in the same manner they would be calculated if the student were 27 enrolled in a district or charter school that does not participate in 28 Arizona online instruction.
- 2. A pupil who is enrolled part-time PART TIME in Arizona online 30 instruction shall be funded for online instruction at eighty-five percent 31 of the base support level that would be calculated for that pupil if that 32 pupil were enrolled as a part-time student in a school district or charter 33 school that does not participate in Arizona online instruction. Charter 34 STATE additional assistance and district additional assistance shall be 35 calculated in the same manner they would be calculated if the student were 36 enrolled in a district or charter school that does not participate in 37 Arizona online instruction.
- G. If the academic achievement of a pupil declines while the pupil 39 is participating in Arizona online instruction, the pupil's parents, the 40 pupil's teachers and the principal or head teacher of the school shall 41 confer to evaluate whether the pupil should be allowed to continue to 42 participate in Arizona online instruction.
- 43 H. To ensure the academic integrity of pupils who participate in 44 online instruction, Arizona online instruction shall include multiple 45 diverse assessment measures and the proctored administration of required 46 state standardized tests.

- I. A school district or charter school may not charge a fee to a 2 pupil who takes an examination in a particular course to obtain academic 3 credit, pursuant to section 15-701.01, subsection I, from the school 4 district or charter school if the academic credit for a course was 5 previously earned in an Arizona online instruction course or at any public 6 school in this state. Any test administered pursuant to this subsection 7 shall be an assessment that is aligned to the course-relevant state 8 academic standards.
 - J. For the purposes of this section:
 - 1. "Full-time student" means:
- 11 (a) A student who is at least five years of age before September 1 12 of a school year and who is enrolled in a school kindergarten program that 13 meets at least three hundred forty-six hours during the school year.
- (b) A student who is at least six years of age before September 1 of a school year, who has not graduated from the highest grade taught in 16 the school and who is regularly enrolled in a course of study required by 17 the state board of education. For first, second and third grade students, 18 the instructional program shall meet at least seven hundred twelve hours. 19 For fourth, fifth and sixth grade students, the instructional program 20 shall meet at least eight hundred ninety hours during the school year.
- 21 (c) Seventh and eighth grade students or ungraded students who are 22 at least twelve, but under fourteen, years of age on or before September 1 23 and who are enrolled in an instructional program of courses that meets at 24 least one thousand sixty-eight hours during the school year.
- (d) For high schools, a student who has not graduated from the 26 highest grade taught in the school district, or an ungraded student who is 27 at least fourteen years of age on or before September 1, and who is 28 enrolled in at least four courses throughout the year that meet at least 29 nine hundred hours during the school year. A full-time student shall not 30 be counted more than once for computation of average daily membership.
- 2. "Online course provider" means a school other than an online school that is selected by the state board of education or a state-approved charter authorizer to participate in Arizona online instruction pursuant to this section and that provides at least one online academic course that is approved by the state board of education.
- 36 3. "Online school" means a school that provides at least four 37 online academic courses or one or more online courses for the equivalent 38 of at least five hours each day for one hundred eighty school days and 39 that is a charter school that is sponsored by a state-approved charter 40 authorizer or a district public school that is selected by the state board 41 of education to participate in Arizona online instruction.
 - 4. "Part-time student" means:
- (a) Any student who is enrolled in a program that does not meet the 44 definition in paragraph 1 of this subsection shall be funded at 45 eighty-five percent of the base support level that would be calculated for 46 that pupil if that pupil were enrolled as a part-time student in a school

1 district or charter school that does not participate in Arizona online 2 instruction.

- (b) A part-time student of seventy-five percent average daily 4 membership shall be enrolled in at least three subjects throughout the 5 year that offer for first, second and third grade students at least five 6 hundred thirty-four instructional hours in a school year and for fourth, 7 fifth and sixth grade students at least six hundred sixty-eight 8 instructional hours in a school year. A part-time student of fifty 9 percent average daily membership shall be enrolled in at least two 10 subjects throughout the year that offer for first, second and third grade 11 students at least three hundred fifty-six instructional hours in a school 12 year and for fourth, fifth and sixth grade students at least four hundred 13 forty-five instructional hours in a school year. A part-time student of 14 twenty-five percent average daily membership shall be enrolled in at least 15 one subject throughout the year that offers for first, second and third 16 grade students at least one hundred seventy-eight instructional hours in a 17 school year and for fourth, fifth and sixth grade students at least two 18 hundred twenty-three instructional hours in a school year.
- (c) For seventh and eighth grade students, a part-time student of seventy-five percent average daily membership shall be enrolled in at least three subjects throughout the year that offer at least eight hundred one instructional hours in a school year. A part-time student of fifty percent average daily membership shall be enrolled in at least two subjects throughout the year that offer at least five hundred thirty-four instructional hours in a school year. A part-time student of twenty-five percent average daily membership shall be enrolled in at least one subject throughout the year that offers at least two hundred sixty-seven instructional hours in a school year.
- (d) For high school students, a part-time student of seventy-five percent average daily membership shall be enrolled in at least three subjects throughout the year that offer at least six hundred seventy-five instructional hours in a school year. A part-time student of fifty percent average daily membership shall be enrolled in at least two subjects throughout the year that offer at least four hundred fifty instructional hours in a school year. A part-time student of twenty-five percent average daily membership shall be enrolled in at least one subject throughout the year that offers at least two hundred twenty-five instructional hours in a school year.
- 39 5. "State-approved charter authorizer" means any charter school 40 sponsor authorized pursuant to section 15-183.

Sec. 4. <u>Heading change</u>

- 42 A. The chapter heading of title 15, chapter 9, Arizona Revised 43 Statutes, is changed from "SCHOOL DISTRICT BUDGETING AND FINANCIAL 44 ASSISTANCE" to "SCHOOL BUDGETING AND FINANCIAL ASSISTANCE".
- 45 B. The article heading of title 15, chapter 9, article 1, Arizona 46 Revised Statutes, is changed from "GENERAL PROVISIONS FOR SCHOOL DISTRICT 47 BUDGETS" to "GENERAL PROVISIONS".

Sec. 5. Section 15-901, Arizona Revised Statutes, is amended to 2 read:

15-901. Definitions

- A. In this title, unless the context otherwise requires:
- 1. "Average daily membership" means the total enrollment of 6 fractional students and full-time students, minus withdrawals, of each 7 school day through the first one hundred days or two hundred days in 8 session, as applicable, for the current year. For the purposes of this 9 paragraph, "withdrawals" means students who are formally withdrawn from 10 schools or students who are absent for ten consecutive school days, except 11 for excused absences identified by the department of education. For 12 computation purposes, a student who is absent for nine or fewer 13 consecutive school days, including the last day of the school year, is not 14 a withdrawal and may not be subtracted from the total enrollment of 15 fractional students and full-time students. For the purposes of this 16 section, school districts and charter schools shall report student absence 17 data to the department of education at least once every sixty days in 18 session. For computation purposes, the effective date of withdrawal shall 19 be retroactive to the last day of actual attendance of the student or 20 excused absence. A school district or charter school may satisfy any of 21 the time and hours requirements prescribed in this subsection in any 22 manner prescribed in the school district's or charter school's 23 instructional time model adopted under section 15-901.08.
 - (a) "Fractional student" means:

- (i) For common schools, a preschool child who is enrolled in a 25 26 program for preschool children with disabilities of at least three hundred 27 sixty minutes each week that meets at least two hundred sixteen hours over 28 the minimum number of days or a kindergarten student who is at least five 29 years of age before January 1 of the school year and enrolled in a school 30 kindergarten program that meets at least three hundred fifty-six hours for 31 a one hundred eighty-day school year, or the instructional hours 32 prescribed in this section. In computing the average daily membership, 33 preschool children with disabilities and kindergarten students shall be 34 counted as one-half of a full-time student. For common schools, a 35 part-time student is a student enrolled for less than the total time for a 36 full-time student as defined in this section. A part-time common school 37 student shall be counted as one-fourth, one-half or three-fourths of a 38 full-time student if the student is enrolled in an instructional program 39 that is at least one-fourth, one-half or three-fourths of the time a 40 full-time student is enrolled as defined in subdivision (b) of this 41 paragraph. The hours in which a student is scheduled to attend a common 42 school during the regular school day shall be included in the calculation 43 of the average daily membership for that student.
- 44 (ii) For high schools, a part-time student who is enrolled in less 45 than four subjects that count toward graduation as defined by the state 46 board of education, each of which, if taught each school day for the 47 minimum number of days required in a school year, would meet a minimum of

1 one hundred twenty-three hours a year, or the equivalent, in a recognized 2 high school. The average daily membership of a part-time high school 3 student shall be 0.75 if the student is enrolled in an instructional 4 program of three subjects that meet at least five hundred forty hours for 5 a one hundred eighty-day school year, or the instructional hours 6 prescribed in this section. The average daily membership of a part-time 7 high school student shall be 0.5 if the student is enrolled in an 8 instructional program of two subjects that meet at least three hundred 9 sixty hours for a one hundred eighty-day school year, or the instructional 10 hours prescribed in this section. The average daily membership of a 11 part-time high school student shall be 0.25 if the student is enrolled in 12 an instructional program of one subject that meets at least one hundred 13 eighty hours for a one hundred eighty-day school year, or 14 instructional hours prescribed in this section. The hours in which a 15 student is scheduled to attend a high school during the regular school day 16 shall be included in the calculation of the average daily membership for 17 that student.

- (b) "Full-time student" means:
- (i) For common schools, a student who is at least six years of age 19 20 before January 1 of a school year, who has not graduated from the highest 21 grade taught in the school district and who is regularly enrolled in a 22 course of study required by the state board of education. First, second 23 and third grade students or ungraded group B children with disabilities 24 who are at least five, but under six, years of age by September 1 must be 25 enrolled in an instructional program that meets for a total of at least 26 seven hundred twelve hours for a one hundred eighty-day school year, or 27 the instructional hours prescribed in this section. Fourth, fifth, sixth, 28 seventh and eighth grade students must be enrolled in an instructional 29 program that meets for a total of at least eight hundred ninety hours for one hundred eighty-day school year, or the instructional hours 31 prescribed in this section, including the equivalent number 32 instructional hours for schools that operate on a one 33 forty-four-day school year. The hours in which a student is scheduled to 34 attend a common school during the regular school day shall be included in 35 the calculation of the average daily membership for that student.
- (ii) For high schools, a student who has not graduated from the highest grade taught in the school district and who is enrolled in at least an instructional program of four or more subjects that count toward graduation as defined by the state board of education, each of which, if to taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, that meets for a total of at least seven hundred twenty hours for a one hundred eighty-day school year, or the instructional hours prescribed in this section in a recognized high school. A full-time student shall not be counted more than once for computation of average daily membership. The average daily membership of a full-time high school student shall be 1.0 if the student is enrolled in at least four subjects

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

- (iii) If a child who has not reached five years of age before 7 September 1 of the current school year is admitted to kindergarten and 8 repeats kindergarten in the following school year, a school district or 9 charter school is not eligible to receive basic state aid on behalf of 10 that child during the child's second year of kindergarten. If a child who 11 has not reached five years of age before September 1 of the current school 12 year is admitted to kindergarten but does not remain enrolled, a school 13 district or charter school may receive a portion of basic state aid on 14 behalf of that child in the subsequent year. A school district or charter 15 school may charge tuition for any child who is ineligible for basic state 16 aid pursuant to this item.
- 17 (iv) Except as otherwise provided by law, for a full-time high 18 school student who is concurrently enrolled in two school districts or two 19 charter schools, the average daily membership shall not exceed 1.0.
- (v) Except as otherwise provided by law, for any student who is 21 concurrently enrolled in a school district and a charter school, the 22 average daily membership shall be apportioned between the school district 23 and the charter school and shall not exceed 1.0. The apportionment shall 24 be based on the percentage of total time that the student is enrolled in 25 or in attendance at the school district and the charter school.
- (vi) Except as otherwise provided by law, for any student who is 27 concurrently enrolled, pursuant to section 15-808, in a school district 28 and Arizona online instruction or a charter school and Arizona online 29 instruction, the average daily membership shall be apportioned between the 30 school district and Arizona online instruction or the charter school and 31 Arizona online instruction and shall not exceed 1.0. The apportionment 32 shall be based on the percentage of total time that the student is 33 enrolled in or in attendance at the school district and Arizona online 34 instruction or the charter school and Arizona online instruction.
- 35 (vii) For homebound or hospitalized, a student receiving at least 36 four hours of instruction per week.
- 37 (c) "Regular school day" means the regularly scheduled class 38 periods intended for instructional purposes. Instructional purposes may 39 include core subjects, elective subjects, lunch, study halls, music 40 instruction and other classes that advance the academic instruction of 41 pupils. Instructional purposes do not include athletic practices or 42 extracurricular clubs and activities.
- 2. "Budget year" means the fiscal year for which the school 44 district is budgeting and that immediately follows the current year.
- 45 3. "Common school district" means a political subdivision of this 46 state offering instruction to students in programs for preschool children 47 with disabilities and kindergarten programs and either:

- (a) Grades one through eight.
 - (b) Grades one through nine pursuant to section 15-447.01.
- 3 4. "Current year" means the fiscal year in which a school district 4 is operating.
 - 5. "Daily attendance" means:
 - (a) For common schools, days in which a pupil:
- (i) Of a kindergarten program or ungraded, but not group B children 8 with disabilities, who is at least five, but under six, years of age by 9 September 1 attends at least three-quarters of the instructional time 10 scheduled for the day. If the total instruction time scheduled for the 11 year is at least three hundred fifty-six hours but is less than seven 12 hundred twelve hours, such attendance shall be counted as one-half day of 13 attendance. If the instructional time scheduled for the year is at least 14 six hundred ninety-two hours, "daily attendance" means days in which a 15 pupil attends at least one-half of the instructional time scheduled for 16 the day. Such attendance shall be counted as one-half day of attendance. 17 A school district or charter school may satisfy any of the time and hours 18 requirements prescribed in this item in any manner prescribed in the 19 school district's or charter school's instructional time model adopted 20 under section 15-901.08.
- (ii) Of the first, second or third grades attends more than 22 three-quarters of the instructional time scheduled for the day. A school 23 district or charter school may satisfy any of the time and hours 24 requirements prescribed in this item in any manner prescribed in the 25 school district's or charter school's instructional time model adopted 26 under section 15-901.08.
- (iii) Of the fourth, fifth or sixth grades attends more than 28 three-quarters of the instructional time scheduled for the day, except as 29 provided in section 15-797. A school district or charter school may 30 satisfy any of the time and hours requirements prescribed in this item in 31 any manner prescribed in the school district's or charter school's 32 instructional time model adopted under section 15-901.08.
- (iv) Of the seventh or eighth grades attends more than three-quarters of the instructional time scheduled for the day, except as provided in section 15-797. A school district or charter school may satisfy any of the time and hours requirements prescribed in this item in any manner prescribed in the school district's or charter school's instructional time model adopted under section 15-901.08.
- 39 (b) For common schools, the attendance of a pupil at three-quarters 40 or less of the instructional time scheduled for the day shall be counted 41 as follows, except as provided in section 15-797 and except that 42 attendance for a fractional student shall not exceed the pupil's 43 fractional membership:
- (i) If attendance for all pupils in the school is based on quarter 45 days, the attendance of a pupil shall be counted as one-fourth of a day's 46 attendance for each one-fourth of full-time instructional time attended. 47 A school district or charter school may satisfy any of the time and hours

1 requirements prescribed in this item in any manner prescribed in the 2 school district's or charter school's instructional time model adopted 3 under section 15-901.08.

- 4 (ii) If attendance for all pupils in the school is based on half 5 days, the attendance of at least three-quarters of the instructional time 6 scheduled for the day shall be counted as a full day's attendance and 7 attendance at a minimum of one-half but less than three-quarters of the 8 instructional time scheduled for the day equals one-half day of 9 attendance. A school district or charter school may satisfy any of the 10 time and hours requirements prescribed in this item in any manner 11 prescribed in the school district's or charter school's instructional time 12 model adopted under section 15-901.08.
- (c) For common schools, the attendance of a preschool child with disabilities shall be counted as one-fourth day's attendance for each thirty-six minutes of attendance, except as provided in paragraph 1, subdivision (a), item (i) of this subsection for children with disabilities up to a maximum of three hundred sixty minutes each week. A school district or charter school may satisfy any of the time and hours requirements prescribed in this subdivision in any manner prescribed in the school district's or charter school's instructional time model adopted under section 15-901.08.
- 22 (d) For high schools, the attendance of a pupil shall not be 23 counted as a full day unless the pupil is actually and physically in 24 attendance and enrolled in and carrying four subjects, each of which, if 25 taught each school day for the minimum number of days required in a school 26 year, would meet a minimum of one hundred twenty-three hours a year, or 27 the equivalent, that count toward graduation in a recognized high school 28 except as provided in section 15-797 and subdivision (e) of this 29 paragraph. Attendance of a pupil carrying less than the load prescribed 30 shall be prorated. A school district or charter school may satisfy any of 31 the time and hours requirements prescribed in this subdivision in any school 32 manner prescribed in the district's or charter school's 33 instructional time model adopted under section 15-901.08.
- (e) For high schools, the attendance of a pupil may be counted as one-fourth of a day's attendance for each sixty minutes of instructional time in a subject that counts toward graduation, except that attendance for a pupil shall not exceed the pupil's full or fractional membership. A school district or charter school may satisfy any of the time and hours requirements prescribed in this subdivision in any manner prescribed in the school district's or charter school's instructional time model adopted under section 15-901.08.
- (f) For homebound or hospitalized, a full day of attendance may be a counted for each day during a week in which the student receives at least four hours of instruction. A school district or charter school may as satisfy any of the time and hours requirements prescribed in this subdivision in any manner prescribed in the school district's or charter school's instructional time model adopted under section 15-901.08.

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- 1 (g) For school districts that maintain school for an approved 2 year-round school year operation, attendance shall be based on a 3 computation, as prescribed by the superintendent of public instruction, of 4 the one hundred eighty days' equivalency or two hundred days' equivalency, 5 as applicable, of instructional time as approved by the superintendent of 6 public instruction during which each pupil is enrolled. A school district 7 or charter school may satisfy any of the time and hours requirements 8 prescribed in this subdivision in any manner prescribed in the school 9 district's or charter school's instructional time model adopted under 10 section 15-901.08.
 - 6. "Daily route mileage" means the sum of:
- 12 (a) The total number of miles driven daily by all buses of a school 13 district while transporting eligible students from their residence to the 14 school of attendance and from the school of attendance to their residence 15 on scheduled routes approved by the superintendent of public instruction.
- (b) The total number of miles driven daily on routes approved by 17 the superintendent of public instruction for which a private party, a 18 political subdivision or a common or a contract carrier is reimbursed for 19 bringing an eligible student from the place of the student's residence to 20 a school transportation pickup point or to the school of attendance and 21 from the school transportation scheduled return point or from the school 22 of attendance to the student's residence. Daily route mileage includes 23 the total number of miles necessary to drive to transport eligible 24 students from and to their residence as provided in this paragraph.
 - 7. "District support level" means:
- 26 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 27 FORMULA, the base support level plus the transportation support level.
- 28 (b) FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-495 TO 29 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, THE 30 BASE SUPPORT LEVEL.
 - 8. "Eligible students" means:
- 32 (a) Students who are transported by or for a school district and 33 who qualify as full-time students or fractional students, except students 34 for whom transportation is paid by another school district or a county 35 school superintendent, and:
- (i) For common school students, whose place of actual residence 37 within the school district is more than one mile from the school facility 38 of attendance or students who are admitted pursuant to section 15-816.01 39 and who meet the economic eligibility requirements established under the 40 national school lunch and child nutrition acts (42 United States Code 41 sections 1751 through 1793) for free or reduced-price lunches and whose 42 actual place of residence outside the school district boundaries is more 43 than one mile from the school facility of attendance.
- 44 (ii) For high school students, whose place of actual residence 45 within the school district is more than one and one-half miles from the 46 school facility of attendance or students who are admitted pursuant to 47 section 15-816.01 and who meet the economic eligibility requirements

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

- 6 (b) Kindergarten students, for purposes of computing the number of 7 eligible students under subdivision (a), item (i) of this paragraph, shall 8 be counted as full-time students, notwithstanding any other provision of 9 law.
- (c) Children with disabilities, as defined by section 15-761, who are transported by or for the school district or who are admitted pursuant to chapter 8, article 1.1 of this title and who qualify as full-time students or fractional students regardless of location or residence within the school district or children with disabilities whose transportation is required by the pupil's individualized education program.
- 16 (d) Students whose residence is outside the school district and who 17 are transported within the school district on the same basis as students 18 who reside in the school district.
- 19 9. "Enrolled" or "enrollment" means that a pupil is currently 20 registered in the school district.
- 21 10. "GDP price deflator" means the average of the four implicit 22 price deflators for the gross domestic product reported by the United 23 States department of commerce for the four quarters of the calendar year.
- 11. "High school district" means a political subdivision of this state offering instruction to students for grades nine through twelve or that portion of the budget of a common school district that is allocated to teaching high school subjects with permission of the state board of education.
- 29 12. "Instructional hours" or "instructional time" means hours or 30 time spent pursuant to an instructional time model adopted under section 31 15-901.08.
 - 13. "Revenue control limit" means:

- 33 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 34 FORMULA, the base revenue control limit plus the transportation revenue 35 control limit.
- 36 (b) FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-901.04 37 TO USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, 38 THE BASE REVENUE CONTROL LIMIT.
- 39 14. "Student count" means average daily membership as prescribed in 40 this subsection for the fiscal year before the current year, except that 41 for the purpose of budget preparation student count means average daily 42 membership as prescribed in this subsection for the current year.
- 15. "Submit electronically" means submitted in a format and in a 44 manner prescribed by the department of education.
- 45 16. "Total bus mileage" means the total number of miles driven by 46 all buses of a school district during the school year.

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- 1 17. "Total students transported" means all eligible students 2 transported from their place of residence to a school transportation 3 pickup point or to the school of attendance and from the school of 4 attendance or from the school transportation scheduled return point to 5 their place of residence.
- 6 18. "Unified school district" means a political subdivision of this 7 state offering instruction to students in programs for preschool children 8 with disabilities and kindergarten programs and grades one through twelve.
 - B. In this title, unless the context otherwise requires:
- 10 1. "Base" means the revenue level per student count specified by 11 the legislature.
- 2. "Base level" means the following amounts plus the percentage 13 increase to the base level as provided in section 15-902.04:
 - (a) For fiscal year 2022-2023, \$4,775.27.
 - (b) For fiscal year 2023-2024, \$4,914.71.
 - (c) For fiscal year 2024-2025, \$5,013.00.
- 3. "Base revenue control limit" means the base revenue control limit computed as provided in section 15-944.
- 19 4. "Base support level" means the base support level as provided in 20 section 15-943.
- 5. "Certified teacher" means a person who is certified as a teacher pursuant to the rules adopted by the state board of education, who renders direct and personal services to schoolchildren in the form of instruction related to the school district's educational course of study and who is paid from the maintenance and operation section of the budget.
- 6. "DD" means programs for children with developmental delays who are at least three years of age but under ten years of age. A preschool child who is categorized under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).
- 7. "ED, MIID, SLD, SLI and OHI" means programs for children with semotional disabilities, mild intellectual disabilities, a specific learning disability, a speech/language impairment and other health mail impairments. A preschool child who is categorized as SLI under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).
- 36 8. "ED-P" means programs for children with emotional disabilities 37 who are enrolled in private special education programs as prescribed in 38 section 15-765, subsection D, paragraph 1 or in an intensive school 39 district program as provided in section 15-765, subsection D, paragraph 2.
- 9. "ELL" means English learners who do not speak English or whose all native language is not English, who are not currently able to perform a condinary classroom work in English and who are enrolled in an English language education program pursuant to sections 15-751, 15-752 and 15-753.
- 10. "FRPL" means students who meet the eligibility requirements established under the national school lunch and child nutrition acts 46 (42 United States Code sections 1751 through 1793) for free or 47 reduced-price lunches, or an equivalent measure recognized for

1 participating in the federal free and reduced-price lunch program and 2 other school programs dependent on a poverty measure, including the 3 community eligibility provision for which free and reduced-price lunch 4 data is not available.

- 5 11. "Full-time equivalent certified teacher" or "FTE certified 6 teacher" means for a certified teacher the following:
 - (a) If employed full time as defined in section 15-501, 1.00.
- 8 (b) If employed less than full time, multiply 1.00 by the 9 percentage of a full school day, or its equivalent, or a full class load, 10 or its equivalent, for which the teacher is employed as determined by the 11 governing board.
- 12. "G" means educational programs for gifted pupils who score at 13 or above the ninety-seventh percentile, based on national norms, on a test 14 adopted by the state board of education.
- 13. "Group A" means educational programs for career exploration, a 16 specific learning disability, an emotional disability, a mild intellectual 17 disability, remedial education, a speech/language impairment, 18 developmental delay, homebound pupils, bilingual pupils and pupils with 19 other health impairments.
- 20 14. "Group B" means educational improvements for pupils in 21 kindergarten programs and grades one through three, educational programs 22 for autism, a hearing impairment, a moderate intellectual disability, 23 multiple disabilities, multiple disabilities with severe 24 impairment, orthopedic impairments, preschool severe delay, a severe 25 intellectual disability and emotional disabilities for school age pupils 26 enrolled in private special education programs or in school district 27 programs for children with severe disabilities or visual impairment, 28 English learners enrolled in a program to promote English language 29 proficiency pursuant to section 15-752 and students who meet the 30 eligibility requirements established under the national school lunch and 31 child nutrition acts (42 United States Code sections 1751 through 1793) 32 for free or reduced-price lunches, or an equivalent measure recognized for 33 participating in the federal free and reduced-price lunch program and 34 other school programs dependent on a poverty measure, including the 35 community eligibility provision for which free and reduced-price lunch 36 data is not available.
 - 15. "HI" means programs for pupils with hearing impairment.
- 38 16. "Homebound" or "hospitalized" means a pupil who is capable of 39 profiting from academic instruction but is unable to attend school due to 40 illness, disease, accident or other health conditions, who has been 41 examined by a competent medical doctor and who is certified by that doctor 42 as being unable to attend regular classes for a period of not less than 43 three school months or a pupil who is capable of profiting from academic 44 instruction but is unable to attend school regularly due to chronic or 45 acute health problems, who has been examined by a competent medical doctor 46 and who is certified by that doctor as being unable to attend regular 47 classes for intermittent periods of time totaling three school months

1 during a school year. The medical certification shall state the general 2 medical condition, such as illness, disease or chronic health condition, 3 that is the reason that the pupil is unable to attend school. Homebound 4 or hospitalized includes a student who is unable to attend school for a 5 period of less than three months due to a pregnancy if a competent medical doctor, after an examination, certifies that the student is unable to 7 attend regular classes due to risk to the pregnancy or to the student's 8 health.

- 17. "K-3" means kindergarten programs and grades one through three.
- 10 18. "K-3 reading" means reading programs for pupils in kindergarten 11 programs and grades one, two and three.
- 12 19. "MD-R, A-R and SID-R" means resource programs for pupils with 13 multiple disabilities, autism and severe intellectual disability.
- 20. "MD-SC, A-SC and SID-SC" means self-contained programs for 15 pupils with multiple disabilities, autism and severe intellectual 16 disability.
- 17 21. "MD-SSI" means a program for pupils with multiple disabilities 18 with severe sensory impairment.
- 19 22. "MOID" means programs for pupils with moderate intellectual 20 disability.
- 21 23. "OI-R" means a resource program for pupils with orthopedic 22 impairments.
- 23 24. "OI-SC" means a self-contained program for pupils with 24 orthopedic impairments.
- 25 25. "PSD" means preschool programs for children with disabilities 26 as provided in section 15-771.
- 27 26. "P-SD" means programs for children who meet the definition of 28 preschool severe delay as provided in section 15-771.
- 29 27. "Qualifying tax rate" means the qualifying tax rate specified 30 in section 15-971 applied to the assessed valuation used for primary 31 property taxes.
- 32 28. "Small isolated school district" means a school district that 33 meets all of the following:
- 34 (a) Has a student count of fewer than six hundred in kindergarten 35 programs and grades one through eight or grades nine through twelve.
- 36 (b) Contains no school that is fewer than thirty miles by the most 37 reasonable route from another school, or, if road conditions and terrain 38 make the driving slow or hazardous, fifteen miles from another school that 39 teaches one or more of the same grades and is operated by another school 40 district in this state.
- 41 (c) Is designated as a small isolated school district by the 42 superintendent of public instruction.
- 43 29. "Small school district" means a school district that meets all 44 of the following:
- 45 (a) Has a student count of fewer than six hundred in kindergarten 46 programs and grades one through eight or grades nine through twelve.

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- 1 (b) Contains at least one school that is fewer than thirty miles by 2 the most reasonable route from another school that teaches one or more of 3 the same grades and is operated by another school district in this state.
- 4 (c) Is designated as a small school district by the superintendent 5 of public instruction.
- 6 30. "Transportation revenue control limit" means the transportation 7 revenue control limit computed as prescribed in section 15-946.
- 8 31. "Transportation support level" means the support level for 9 pupil transportation operating expenses as provided in section 15-945.
 - 32. "VI" means programs for pupils with visual impairments.
- 11 Sec. 6. Title 15, chapter 9, article 1, Arizona Revised Statutes, 12 is amended by adding section 15-901.04, to read:
 - 15-901.04. State student funding formula: calculation
- A. THE STATE STUDENT FUNDING FORMULA IS ESTABLISHED FOR SCHOOL DISTRICTS THAT ELECT PURSUANT TO SECTION 15-495 TO USE THIS FUNDING FORMULA AND FOR CHARTER SCHOOLS. EACH SCHOOL DISTRICT THAT USES THE STATE STUDENT FUNDING FORMULA AND EACH CHARTER SCHOOL SHALL:
 - 1. CALCULATE A BASE SUPPORT LEVEL AS PRESCRIBED IN SECTION 15-943.
- 19 2. ADD THE BASE SUPPORT LEVEL AMOUNT CALCULATED UNDER PARAGRAPH 1 20 OF THIS SUBSECTION AND STATE ADDITIONAL ASSISTANCE. THE AMOUNT OF STATE 21 ADDITIONAL ASSISTANCE IS:
- 22 (a) \$2,025.29 PER STUDENT COUNT IN PRESCHOOL PROGRAMS FOR CHILDREN 23 WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT.
 - (b) \$2,360.44 PER STUDENT COUNT IN GRADES NINE THROUGH TWELVE.
- B. FOR CHARTER SCHOOLS, THE AMOUNT CALCULATED UNDER SUBSECTION A OF THIS SECTION IS THE EQUALIZATION ASSISTANCE FOR THE CHARTER SCHOOL.
- C. EACH SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT STUDENT SECOND THE STATE STUDENT TO SUBSECTION A OF THIS SECTION AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF MONIES RECEIVED BY THE SCHOOL DISTRICT FROM A FEDERAL OR STATE AGENCY THAT IS INTENDED TO OFFSET PROPERTY TAX REVENUE NOT RECEIVED FROM FEDERAL LANDS.
- Sec. 7. Section 15-924, Arizona Revised Statutes, is amended to 33 read:

15-924. <u>In lieu of transportation grants</u>

- A. Notwithstanding any other law, beginning in the 2021-2022 school year, a school district may use a portion of its transportation funding allocated pursuant to sections 15-945 and 15-946 to provide in lieu of transportation grants to parents of students who attend the school district pursuant to a plan submitted to the department of education. School districts may issue grants to support individual parents or neighborhood carpools in transporting students to school. A school district's transportation funding allocation may not be reduced or otherwise diminished due to the school district awarding grants pursuant to this section.
- B. Notwithstanding any other law, beginning in the 2021-2022 school 46 year, a charter school may use a portion of its charter STATE additional 47 assistance funding allocated pursuant to section 15-185 15-901.04 to

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1 provide in lieu of transportation grants to parents of students who attend 2 the charter school pursuant to a plan submitted to the department of 3 education. Charter schools may issue grants to support individual parents neighborhood carpools in transporting students 5 Participating charter schools shall report to the department regarding the 6 monies awarded to parents as required by the department.

- C. The department of education shall adopt policies and procedures 8 to account for expenditures under this section and to require proof of 9 attendance for students whose transportation is supported through grants 10 under this section.
- Sec. 8. Section 15-947, Arizona Revised Statutes, is amended to 11 12 read:
- 13 15-947. Revenue control limit: district support level: 14 general budget limit; unrestricted total capital budget limit: district additional assistance limit: state additional assistance limit
 - A. The revenue control limit for a school district is equal to:
- 18 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 19 FORMULA, the sum of the base revenue control limit determined in section 20 15-944 and the transportation revenue control limit determined in section 21 15-946.
- 22 2. FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-495 TO 23 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, THE 24 BASE REVENUE CONTROL LIMIT.
 - B. The district support level for a school district is equal to:
- 26 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 27 FORMULA, the sum of the base support level determined in section 15-943 28 and the transportation support level determined in section 15-945.
- 2. FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-495 TO 30 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, THE 31 BASE SUPPORT LEVEL DETERMINED IN SECTION 15-943.
- C. The general budget limit for each school district, for each 32 33 fiscal year, is the sum of the following:
- 1. The maintenance and operations portion of the revenue control 35 limit for the budget year.
 - 2. The maintenance and operation portion of the following amounts:
- (a) Amounts that are fully funded by revenues other than a levy of 37 38 taxes on the taxable property within the school district, as listed below:
- (i) Amounts budgeted as the budget balance carryforward as provided 40 in section 15-943.01.
 - (ii) Tuition revenues for attendance of nonresident pupils.
 - (iii) State assistance as provided in section 15-976.
- 43 (iv) Special education revenues as provided in section 15-825, 44 subsection D and section 15-1204.
- (v) Title VIII of the elementary and secondary education act of 46 1965 assistance determined for children with disabilities, children with 47 specific learning disabilities, children residing on Indian lands and

- 1 children residing within the boundaries of an accommodation school that is 2 located on a military reservation and that is classified as a heavily 3 impacted local educational agency pursuant to 20 United States Code 4 section 7703 as provided in section 15-905, subsections K and O.
- 5 (vi) Title VIII of the elementary and secondary education act of 6 1965 administrative costs as provided in section 15-905, subsection P.
- 7 (vii) State assistance for excess tuition as provided in section 8 15-825.01.
- 9 (viii) Transportation revenues for attendance of nonresident 10 pupils.
- 11 (b) Amounts approved pursuant to an override election as provided 12 in section 15-481 for the applicable fiscal year.
- 13 (c) Amounts authorized by the county school superintendent pursuant 14 to section 15-974, subsection B.
- 15 (d) Expenditures for complying with a court order of desegregation 16 as provided in section 15-910.
- 17 (e) Interest on registered warrants or tax anticipation notes as 18 provided in section 15-910.
- 19 (f) Amounts budgeted for a jointly owned and operated career and 20 technical education and vocational education center as provided in section $21\ 15-910.01$.
- 3. The maintenance and operations portion of district additional assistance OR STATE ADDITIONAL ASSISTANCE for the budget year.
- 4. Any other budget item that is budgeted in the maintenance and 25 operation section of the budget and that is specifically exempt from the 26 revenue control limit or district additional assistance.
- D. The unrestricted capital budget limit, for each school district 88 for each fiscal year, is the sum of the following:
- 29 1. The federal impact adjustment as determined in section 15-964 30 for the budget year.
- 31 2. Any other budget item that is budgeted in the capital outlay 32 section of the budget and that is specifically exempt from district 33 additional assistance.
- 34 3. The unrestricted capital portion of the amounts contained in 35 subsection C of this section.
- 36 4. The unexpended budget balance in the unrestricted capital outlay 37 fund from the previous fiscal year.
- The net interest earned in the unrestricted capital outlay fund from the previous fiscal year.
- Sec. 9. Section 15-971, Arizona Revised Statutes, is amended to 41 read:
 - 15-971. <u>Determination of equalization assistance payments</u>
 <u>from county and state funds for school districts</u>
- A. Equalization assistance for education is computed by determining 45 the total of the following:
- 1. The lesser of a school district's revenue control limit or district support level as determined in section 15-947.

- 2. District additional assistance of a school district as 2 determined in section 15-961 OR STATE ADDITIONAL ASSISTANCE, IF 3 APPLICABLE, PURSUANT TO SECTION 15-901.04.
- B. From the total of the amounts determined in subsection A of this section subtract:
- 1. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 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.
- 2. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 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. The qualifying tax rate shall be applied in the following manner:
- 17 (a) For the purposes of the amount determined in subsection A, 18 paragraph 1 of this section:
- (i) Determine separately the percentage that the weighted student 20 count in preschool programs for children with disabilities, kindergarten 21 programs and grades one through eight and the weighted student count in 22 grades nine through twelve is to the weighted student count determined in 23 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).
- 24 (ii) Apply the percentages determined in item (i) of this 25 subdivision to the amount determined in subsection A, paragraph 1 of this 26 section.
- (b) For the purposes of the amounts determined in subsection A, 28 paragraph 2 of this section, determine separately the amount of the 29 district additional assistance attributable to the student count in 30 preschool programs for children with disabilities, kindergarten programs 31 and grades one through eight and grades nine through twelve.
- (c) From the amounts determined in subdivisions (a) and (b) of this paragraph, subtract the levy that would be produced by the current qualifying tax rate 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. If the qualifying tax rate generates a levy that is in excess of the total determined in subsection A of this section, the school district is not eligible for equalization assistance. For the purposes of this subsection, "assessed valuation" includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8 and the assessed value of all property subject to the government 43 property lease excise tax pursuant to title 42, chapter 6, article 5.
- 3. The amount that would be produced by levying a qualifying tax 45 rate in a career technical education district, which shall be \$.05 per 46 \$100 assessed valuation unless the legislature sets a lower rate by law.

- 1 C. State aid for equalization assistance for education for a school 2 district shall be the equalization assistance for education for a school 3 district as provided in subsections A and B of this section.
- 4 D. Equalization assistance for education shall be paid from 5 appropriations for that purpose to the school districts as provided in 6 section 15-973.
- 7 E. A school district shall report expenditures on approved career 8 and technical education and vocational education programs in the annual 9 financial report according to uniform guidelines prescribed by the uniform 10 system of financial records and in order to facilitate compliance with 11 sections 15-255 and 15-904.
- F. The additional weight for state aid purposes given to special education as provided in section 15-943 shall be given to school districts 14 only if special education programs comply with chapter 7, article 4 of 15 this title and the conditions and standards prescribed by the 16 superintendent of public instruction pursuant to rules of the state board 17 of education for pupil identification and placement pursuant to sections 18 15-766 and 15-767.
- 19 G. In addition to state general fund appropriations, all amounts 20 received pursuant to section 37-521, subsection B, paragraph 3, section 21 42-5029, subsection E, paragraph 5 and section 42-5029.02, subsection A, 22 paragraph 5 and from any other source for the purposes of this section are 23 appropriated for state aid to schools as provided in this section.
- H. The total amount of state monies that may be spent in any fiscal year for state equalization assistance shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. This section does not impose a duty on an officer, agent or employee of this state to discharge a responsibility or create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose.
- 32 Sec. 10. Section 15-992, Arizona Revised Statutes, is amended to 33 read:

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

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

- B. At the same time of levying taxes as provided in subsection A of 2 this section, the county board of supervisors shall annually levy an 3 additional tax in each school district that is not eligible for 4 equalization assistance as provided in section 15-971 in an amount 5 determined as follows:
- 1. Determine the levy that would be produced by fifty percent of 7 the applicable qualifying tax rate, prescribed in section 15-971, 8 subsection 8, per \$100 assessed valuation. THE APPLICABLE QUALIFYING TAX 9 RATE:
- 10 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 11 FORMULA IS THE APPLICABLE QUALIFYING TAX RATE PRESCRIBED IN SECTION 12 15-971, SUBSECTION B.
- (b) FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-495 TO 14 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, 15 NOTWITHSTANDING SECTION 15-971, SUBSECTION B, IS THE APPLICABLE QUALIFYING 16 TAX RATE PRESCRIBED IN SECTION 41-1276, SUBSECTION I, PARAGRAPH 2.
- 2. Subtract the amounts determined in section 15-971, subsection A 18 and subsection F of this section from the levy determined in paragraph 1 19 of this subsection. This difference is the additional amount levied or 20 collected as voluntary contributions pursuant to title 48, chapter 1, 21 article 8, except that if the difference is zero or is a negative number, 22 there shall be no levy.
- C. Monies collected pursuant to subsections B and F of this section 24 shall be transmitted to the state treasurer for deposit in the state 25 general fund to aid in school financial assistance.
- D. The additional tax prescribed in subsection B of this section is considered to be primary property tax for purposes of section 15-972, subsection B, except that this state is not required to make the payments prescribed in section 15-972, subsection H for these reductions in taxes.
- 30 E. The tax levy prescribed in subsection A of this section shall be 31 a rate equal to:
- 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 33 FORMULA, the applicable qualifying tax rate or rates as prescribed in 34 section 15-971, subsection B or a rate that would result in a levy that 35 equals the school district equalization assistance base prescribed in 36 section 15-971 subtracted by any amount received pursuant to section 37 15-905, subsections K, O and P per \$100 of assessed valuation used for 38 primary property taxes, whichever is less.
- 2. FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-495 TO USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, THE APPLICABLE QUALIFYING TAX RATE OR RATES AS PRESCRIBED IN SECTION 41-1276, 42 SUBSECTION I, PARAGRAPH 2 OR A RATE THAT WOULD RESULT IN A LEVY THAT 43 EQUALS THE SCHOOL DISTRICT EQUALIZATION ASSISTANCE BASE PRESCRIBED IN 44 SECTION 15-971 MINUS ANY AMOUNT RECEIVED PURSUANT TO SECTION 15-905, 45 SUBSECTIONS K, O AND P PER \$100 OF ASSESSED VALUATION USED FOR PRIMARY 46 PROPERTY TAXES, WHICHEVER IS LESS.

- F. At the same time of levying taxes as provided in subsection A of 2 this section, the county board of supervisors shall annually levy an 3 additional tax in each common school district not within a high school 4 district that is equal to the lesser of:
- 5 1. A rate that is equal to the applicable qualifying tax rate or 6 rates as prescribed in section 15-971, subsection B.
- 2. A rate that would result in a levy that equals the statewide 8 average per pupil funding for high school pupils multiplied by the student 9 count as defined in section 15-901 of resident high school pupils in the 10 common school district not within a high school district during the prior 11 school year. On or before July 1 of each year, the department of 12 education shall provide each common school district not within a high 13 school district with the student count as defined in section 15-901 of 14 resident high school pupils in the district during the prior school year. 15 On or before July 1 of each year, the department of education shall 16 provide each county board of supervisors with the statewide average per 17 pupil funding for high school pupils, the student count as defined in 18 section 15-901 of resident high school pupils in the common school 19 district not within a high school district during the prior school year 20 and any other information requested by the county board of supervisors for 21 the purposes of levying the tax prescribed in this subsection. For the 22 purposes of this paragraph, "per pupil funding" means the amount 23 calculated pursuant to section 15-943, paragraph 2, subdivision (a) for 24 grades nine through twelve multiplied by the sum of the following:
- 25 (a) District additional assistance pursuant to section 15-961, 26 subsections A, B and C for a school district with a student count of six 27 hundred or more in grades nine through twelve.
 - (b) The base level amount prescribed by section 15-901.
- G. At the time of levying taxes as provided in subsection E of this section, the county school superintendent shall annually validate any additional primary school district tax levy amount requests from each school district and levy the sum of the following amounts:
- 33 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 34 FORMULA:
- $\frac{1}{1}$ (a) A rate that would result in a levy that equals the 36 difference between the transportation revenue control limit as determined 37 in section 15-946 and the transportation support level as determined in 38 section 15-945 or a lesser amount.
- 39 $\frac{2}{2}$ (b) A rate that would result in a levy that equals any amount 40 pursuant to section 15-910.
- 41 3. (c) A rate that would result in a levy that equals any amount 42 for tuition loss as determined in section 15-954.
- 43 $\frac{4}{\cdot}$ (d) A rate that would result in a levy that equals any amount 44 for the small school adjustment as determined in section 15-949.
- 45 $\frac{5}{5}$ (e) A rate that would result in a levy that equals any amount 46 for liabilities in excess of the school district budget pursuant to 47 section 15-907.

- 6. (f) A rate that would result in a levy that equals any amount 2 for adjacent ways pursuant to section 15-995.
- 7. (g) A rate that would result in a levy that equals the amount 4 not captured by the qualifying tax rate as a result of property subject to 5 the government property lease excise tax pursuant to title 42, chapter 6, 6 article 5 as calculated in section 15-971, subsection B, paragraph 2.
- 8. (h) Following the recommendation of the county school 8 superintendent and on approval by the county board of supervisors, for a 9 school district that is not eligible for state aid, a rate that would 10 result in a levy that equals any legal amount not levied in the current 11 year as a result of underestimated average daily membership in the current 12 year or as a result of a judgment in accordance with section 42-16213.
- 9. (i) A rate that would result in a levy that equals any amount 14 pursuant to a qualifying dropout prevention program that was originally 15 established by law in 1987.
- 16 10. (j) On the recommendation of the county school superintendent 17 and on approval by the county board of supervisors before adoption of tax 18 rates pursuant to section 42-17151, a rate that would result in a levy 19 that equals any separately stated cash deficit from the prior fiscal year 20 resulting from an anticipated or actual deviation in the property tax 21 roll, including resolutions or judgments pursuant to title 42, chapter 16, 22 articles 5 and 6.
- 23 2. FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-495 TO 24 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04:
- 25 (a) A RATE THAT WOULD RESULT IN A LEVY THAT EQUALS THE AMOUNT NOT 26 CAPTURED BY THE QUALIFYING TAX RATE AS A RESULT OF PROPERTY SUBJECT TO THE 27 GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO TITLE 42, CHAPTER 6, 28 ARTICLE 5 AS CALCULATED IN SECTION 15-971, SUBSECTION B, PARAGRAPH 2.
- 29 (b) FOLLOWING THE RECOMMENDATION OF THE COUNTY SCHOOL 30 SUPERINTENDENT AND ON APPROVAL BY THE COUNTY BOARD OF SUPERVISORS, FOR A 31 SCHOOL DISTRICT THAT IS NOT ELIGIBLE FOR STATE AID, A RATE THAT WOULD 32 RESULT IN A LEVY THAT EQUALS ANY LEGAL AMOUNT NOT LEVIED IN THE CURRENT 33 YEAR AS A RESULT OF UNDERESTIMATED AVERAGE DAILY MEMBERSHIP IN THE CURRENT 34 YEAR OR AS A RESULT OF A JUDGMENT IN ACCORDANCE WITH SECTION 42-16213.
- 35 (c) ON THE RECOMMENDATION OF THE COUNTY SCHOOL SUPERINTENDENT AND 36 ON APPROVAL BY THE COUNTY BOARD OF SUPERVISORS BEFORE ADOPTION OF TAX 37 RATES PURSUANT TO SECTION 42-17151, A RATE THAT WOULD RESULT IN A LEVY 38 THAT EQUALS ANY SEPARATELY STATED CASH DEFICIT FROM THE PRIOR FISCAL YEAR 39 RESULTING FROM AN ANTICIPATED OR ACTUAL DEVIATION IN THE PROPERTY TAX 40 ROLL, INCLUDING RESOLUTIONS OR JUDGMENTS PURSUANT TO TITLE 42, CHAPTER 16, 41 ARTICLES 5 AND 6.
- 42 H. For the purposes of this section, "assessed valuation" includes 43 the values used to determine voluntary contributions collected pursuant to 44 title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

Sec. 11. Section 15-2402, Arizona Revised Statutes, is amended to 2 read:

15-2402. Arizona empowerment scholarship accounts: funds

- A. Arizona empowerment scholarship accounts are established to 5 provide options for the education of students in this state.
- 6 B. To enroll a qualified student for an Arizona empowerment 7 scholarship account, the parent of the qualified student must sign an 8 agreement to do all of the following:
- 9 1. Use a portion of the Arizona empowerment scholarship account 10 monies allocated annually to provide an education for the qualified 11 student in at least the subjects of reading, grammar, mathematics, social 12 studies and science, unless the Arizona empowerment scholarship account is 13 allocated monies according to a transfer schedule other than quarterly 14 transfers pursuant to section 15-2403, subsection G.
- 15 2. Not enroll the qualified student in a school district or charter 16 school and release the school district from all obligations to educate the 17 qualified student. This paragraph does not:
- 18 (a) Relieve the school district or charter school that the 19 qualified student previously attended from the obligation to conduct an 20 evaluation pursuant to section 15-766.
- (b) Require the qualified student to withdraw from a ANY school 22 district or charter school before enrolling for an Arizona empowerment 23 scholarship account if the qualified student withdraws from the school 24 district or charter school before receiving any monies in the qualified 25 student's Arizona empowerment scholarship account.
- 26 (c) Prevent the qualified student from applying in advance for an 27 Arizona empowerment scholarship account to be funded beginning the 28 following school year, subject to section 15-2403, subsection H.
- 3. Not accept a scholarship from a school tuition organization pursuant to title 43 concurrently with an Arizona empowerment scholarship account for the qualified student in the same year a parent signs the 32 agreement pursuant to this section.
- 33 4. Use monies deposited in the qualified student's Arizona 34 empowerment scholarship account only for the following expenses of the 35 qualified student:
- 36 (a) Tuition or fees at a qualified school that requires all 37 teaching staff and personnel who have unsupervised contact with students 38 to be fingerprinted.
 - (b) Textbooks required by a qualified school.

- 40 (c) If the qualified student meets any of the criteria specified in 41 section 15-2401, paragraph 7, subdivision (a), item (i), (ii) or (iii) as 42 determined by a school district or by an independent third party pursuant 43 to section 15-2403, subsection J, the qualified student may use the 44 following additional services:
- 45 (i) Educational therapies from a licensed or accredited 46 practitioner or provider, including and up to any amount not covered by

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1 insurance if the expense is partially paid by a health insurance policy 2 for the qualified student.

- (ii) A licensed or accredited paraprofessional or educational aide.
- 4 (iii) Tuition for vocational and life skills education approved by 5 the department.
- 6 (iv) Associated goods and services that include educational and 7 psychological evaluations, assistive technology rentals and braille 8 translation goods and services approved by the department.
- 9 (d) Tutoring or teaching services provided by an individual who is 10 not subject to disciplinary action by the state board of education for 11 immoral or unprofessional conduct pursuant to section 15-505 or 15-534.04 12 or a facility that is accredited by a state, regional or national 13 accrediting organization. The department shall ensure THAT any individual 14 who provides tutoring or teaching services to one or more qualified 15 students pursuant to this subdivision is not subject to disciplinary 16 action by the state board of education. The department shall also remove 17 any individual who is subject to disciplinary action by the state board of 18 education from all platforms that the department provides to parents and 19 qualified students for the purchase of goods or educational services using 20 account monies.
 - (e) Curricula and supplementary materials.
 - (f) Tuition or fees for a nonpublic online learning program.
- 23 (g) Fees for a nationally standardized norm-referenced achievement 24 test, an advanced placement examination or any exams related to college or 25 university admission.
 - (h) Tuition or fees at an eligible postsecondary institution.
 - (i) Textbooks required by an eligible postsecondary institution.
 - (j) Fees to manage the Arizona empowerment scholarship account.
- 29 (k) Services provided by a public school, including individual 30 classes and extracurricular programs.
 - (1) Insurance or surety bond payments.
 - (m) Uniforms purchased from or through a qualified school.
- 33 (n) If the qualified student meets the criteria specified in 34 section 15-2401, paragraph 7, subdivision (a), item (i), (ii) or (iii) and 35 if the qualified student is in the second year prior to the final year of 36 a contract executed pursuant to this article, costs associated with an 37 annual education plan conducted by an independent evaluation team. The 38 department shall prescribe minimum qualifications for independent 39 evaluation teams pursuant to this subdivision and factors that teams must 40 use to determine whether the qualified student shall be eligible to 41 continue to receive monies pursuant to this article through the school 42 year in which the qualified student reaches twenty-two years of age. An 43 independent evaluation team that provides an annual education plan 44 pursuant to this subdivision shall submit a written report that summarizes 45 the results of the evaluation to the parent of the qualified student and 46 to the department on or before July 31. The written report submitted by 47 the independent evaluation team is valid for one year. If the department

1 determines that the qualified student meets the eligibility criteria 2 prescribed in the annual education plan, the qualified student is eligible 3 to continue to receive monies pursuant to this article until the qualified 4 student reaches twenty-two years of age, subject to annual review. A 5 parent may appeal the department's decision pursuant to title 41, chapter 6 6, article 10. As an addendum to a qualified student's final-year 7 contract, the department shall provide the following written information 8 to the parent of the qualified student:

- 9 (i) That the qualified student will not be eligible to continue to 10 receive monies pursuant to this article unless the results of an annual 11 education plan conducted pursuant to this subdivision demonstrate that the 12 qualified student meets the eligibility criteria prescribed in the annual 13 education plan.
- 14 (ii) That the parent is entitled to obtain an annual education plan 15 pursuant to this subdivision to determine whether the qualified student 16 meets the eligibility criteria prescribed in the annual education plan.
- 17 (iii) A list of independent evaluation teams that meet the minimum 18 qualifications prescribed by the department pursuant to this subdivision.
- 19 (o) Public transportation services in this state, including a 20 commuter pass for the qualified student, or transportation network 21 services as defined in section 28-9551 between the qualified student's 22 residence and a qualified school in which the qualified student is 23 enrolled.
- 24 (p) Computer hardware and technological devices primarily used for 25 an educational purpose. For the purposes of this subdivision, "computer 26 hardware and technological devices":
- 27 (i) Includes calculators, personal computers, laptops, tablet 28 devices, microscopes, telescopes and printers.
- 29 (ii) Does not include entertainment and other primarily 30 noneducational devices, including televisions, telephones, video game 31 consoles and accessories, and home theatre and audio equipment.
- 5. Not file an affidavit of intent to homeschool pursuant to 33 section 15-802, subsection B, paragraph 2 or 3.
- 6. Not use monies deposited in the qualified student's account for as any of the following:
- 36 (a) Computer hardware or other technological devices, except as 37 otherwise allowed under paragraph 4, subdivision (c) or (p) of this 38 subsection.
- 39 (b) Transportation of the pupil, except for transportation services 40 described in paragraph 4, subdivision (o) of this subsection.
- C. In exchange for the parent's agreement pursuant to subsection B 42 of this section, the department shall transfer from the monies that would 43 otherwise be allocated to a recipient's prior school district, or if the 44 child is currently eligible to attend a preschool program for children 45 with disabilities, a kindergarten program or any of grades one through 46 twelve, the monies that the department determines would otherwise be 47 allocated to a recipient's expected school district of attendance, to the

1 treasurer for deposit into an Arizona empowerment scholarship account an 2 amount that is equivalent to ninety percent of the sum of the base support 3 level and additional assistance prescribed in sections 15-185 and 15-943 4 for that particular student if that student were attending a charter 5 school AMOUNT THAT WOULD BE CALCULATED FOR THAT STUDENT UNDER THE STATE 6 STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, SUBSECTION A.

- D. The department of education empowerment scholarship account fund is established consisting of monies appropriated by the legislature. The department shall administer the fund. Monies in the fund are subject to legislative appropriation. Monies in the fund shall be used for the department's costs in administering Arizona empowerment scholarship accounts under this chapter. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. If the number of Arizona empowerment scholarship accounts significantly increases after fiscal year 2020-2021, the department may request an increase in the amount appropriated to the fund in any subsequent fiscal year in the budget estimate submitted pursuant to section 35-113. The department shall list monies in the fund as a separate line item in its budget estimate.
- 20 E. The state treasurer empowerment scholarship account fund is 21 established consisting of monies appropriated by the legislature. The 22 state treasurer shall administer the fund. Monies in the fund shall be 23 used for the state treasurer's costs in administering the Arizona 24 empowerment scholarship accounts under this chapter. If the number of 25 Arizona empowerment scholarship accounts significantly increases after 26 fiscal year 2020-2021, the state treasurer may request an increase in the 27 amount appropriated to the fund in any subsequent fiscal year in the 28 budget estimate submitted pursuant to section 35-113. Monies in the fund 29 are subject to legislative appropriation. Monies in the fund are exempt 30 from the provisions of section 35-190 relating to lapsing of 31 appropriations. The state treasurer shall list monies in the fund as a 32 separate line item in its budget estimate.
- F. A parent must renew the qualified student's Arizona empowerment scholarship account on an annual basis. The department of education shall terrify that the parent's child is a qualified student as defined in section 15-2401 or 15-2401.01 in the year for which the parent seeks to renew the Arizona empowerment scholarship account. This subsection does not require the department to annually verify the child's disability for the purpose of section 15-2401, paragraph 7, subdivision (a), item (i), 40 (ii) or (iii), if applicable.
- 41 G. Notwithstanding any changes to the student's multidisciplinary 42 evaluation team plan, a student who has previously qualified for an 43 Arizona empowerment scholarship account remains eligible to apply for 44 renewal until the student finishes high school.
- 45 H. If a parent does not renew the qualified student's Arizona 46 empowerment scholarship account for a period of three academic years, the 47 department shall notify the parent that the qualified student's account

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1 will be closed in sixty calendar days. The notification must be sent 2 through certified mail, email and telephone, if applicable. The parent 3 has sixty calendar days to renew the qualified student's Arizona 4 empowerment scholarship account. If the parent chooses not to renew or 5 does not respond in sixty calendar days, the department shall close the 6 account and any remaining monies shall be returned to the state.

- 7 I. A signed agreement under this section constitutes school 8 attendance required by section 15-802.
- 9 J. A qualified school or a provider of services purchased pursuant 10 to subsection B, paragraph 4 of this section may not share, refund or 11 rebate any Arizona empowerment scholarship account monies with the parent 12 or qualified student in any manner.
- K. Notwithstanding subsection H of this section, on the qualified 14 student's graduation from a postsecondary institution or after any period 15 of four consecutive years after high school graduation in which the 16 student is not enrolled in an eligible postsecondary institution, but not 17 before this time as long as the account holder continues using a portion 18 of account monies for allowable expenses each year and is in good 19 standing, the qualified student's Arizona empowerment scholarship account 20 shall be closed and any remaining monies shall be returned to the state.
- 21 L. Monies received pursuant to this article do not constitute 22 taxable income to the parent of the qualified student.
- Sec. 12. Section 41-1276, Arizona Revised Statutes, is amended to 24 read:

41-1276. <u>Truth in taxation levy for equalization assistance</u> to school districts

- A. On or before February 15 of each year, the joint legislative 28 budget committee shall compute and transmit the truth in taxation rates 29 for equalization assistance for school districts for the following fiscal 30 year to:
- 1. The chairpersons of the house of representatives ways and means 32 committee and the senate finance committee, or their successor committees.
- 2. The chairpersons of the appropriations committees of the senate and the house of representatives, or their successor committees.
- B. The truth in taxation rates consist of the qualifying tax rate for a high school district or a common school district within a high pursuant to section 15-971, subsection B, paragraph 1 and a qualifying tax rate for a unified 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 pursuant to section that offers instruction in high school subjects pursuant to section 25-971, subsection B, paragraph 2 that will offset the change in net assessed valuation of property that was subject to tax in the prior year.
- C. The joint legislative budget committee shall compute the truth 45 in taxation rates as follows:
- 1. Determine the statewide net assessed value for the preceding tax 47 year as provided in section 42-17151, subsection A, paragraph 3.

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- 2. Determine the statewide net assessed value for the current tax 2 year, excluding the net assessed value of property that was not subject to 3 tax in the preceding year.
- 4 3. Divide the amount determined in paragraph 1 of this subsection 5 by the amount determined in paragraph 2 of this subsection.
- 4. Adjust the qualifying tax rates for the current fiscal year by 7 the percentage determined in paragraph 3 of this subsection in order to 8 offset the change in net assessed value.
- D. Except as provided in subsections E and G of this section, the qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high common school subjects and the qualifying tax rate 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 for the following fiscal year shall be the rate determined by the joint legislative budget committee pursuant to subsection C of this section. The committee shall transmit the rates to the superintendent of public instruction and the county boards of supervisors by March 15 of each year.
- 20 E. If the legislature proposes qualifying tax rates that exceed the 21 truth in taxation rate:
- 1. The house of representatives ways and means committee and the 23 senate finance committee, or their successor committees, shall hold a 24 joint hearing on or before February 28 and publish a notice of a truth in 25 taxation hearing subject to the following requirements:
- 26 (a) The notice shall be published twice in a newspaper of general 27 circulation in this state that is published at the state capital. The 28 first publication shall be at least fourteen but not more than twenty days 29 before the date of the hearing. The second publication shall be at least 30 seven but not more than ten days before the date of the hearing.
- 31 (b) The notice shall be published in a location other than the 32 classified or legal advertising section of the newspaper.
- 33 (c) The notice shall be at least one-fourth page in size and shall 34 be surrounded by a solid black border at least one-eighth inch in width.
- 35 (d) The notice shall be in the following form, with the "truth in 36 taxation hearing notice of tax increase" headline in at least 37 eighteen-point type:

Truth in Taxation Hearing Notice of Tax Increase

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

The proposed tax increase will cause the taxes on a \$100,000 home to be \$(total proposed taxes including the tax increase). Without the proposed tax increase, the total taxes

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that would be owed on a \$100,000 home would have been \$.

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

- 6 (e) For the purposes of computing the tax increase on a \$100,000 7 home as required by the notice, the joint meeting of the house of 8 representatives ways and means committee and the senate finance committee, 9 or their successor committees, shall consider the difference between the 10 truth in taxation rate and the proposed increased rate.
- 11 2. The joint meeting of the house of representatives ways and means 12 committee and the senate finance committee, or their successor committees, 13 shall consider any motion to recommend the proposed tax rates to the full 14 legislature by roll call vote.
- F. In addition to publishing the truth in taxation notice under subsection E, paragraph 1 of this section, the joint meeting of the house representatives ways and means committee and the senate finance committee, or their successor committees, shall issue a press release containing the truth in taxation notice.
- G. Notwithstanding any other law, The legislature shall not adopt a 21 state budget that provides for qualifying tax rates pursuant to section 22 15-971 that exceed the truth in taxation rates computed pursuant to 23 subsection A of this section unless the rates are adopted by a concurrent 24 resolution approved by an affirmative roll call vote of two-thirds of the 25 members of each house of the legislature before the legislature enacts the 26 general appropriations bill. If the resolution is not approved by 27 two-thirds of the members of each house of the legislature, the rates for 28 the following fiscal year shall be the truth in taxation rates determined 29 pursuant to subsection C of this section and shall be transmitted to the 30 superintendent of public instruction and the county boards of supervisors.
- H. Notwithstanding subsection C of this section and if approved by 32 the qualified electors voting at a statewide general election, the 33 legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a 34 common or high school district or \$4.253 for a unified school district. 35 The legislature shall not set a county equalization assistance for 36 education rate that exceeds \$0.5123.
 - I. Pursuant to subsection C of this section: —
- 38 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE 39 FORMULA, the qualifying tax rate in tax year 2024:
- 40 (a) For a high school district or a common school district within a 41 high school district that does not offer instruction in high school 42 subjects as provided in section 15-447 is \$1.5930. and
- 43 (b) For a unified school district, a common school district not 44 within a high school district or a common school district within a high 45 school district that offers instruction in high school subjects as 46 provided in section 15-447 is \$3.1860.

- 2. NOTWITHSTANDING SUBSECTION G OF THIS SECTION, FOR A SCHOOL DISTRICT THAT ELECTS PURSUANT TO SECTION 15-495 TO USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, THE QUALIFYING TAX RATE IN TAX YEAR 2024:
- 5 (a) FOR A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A 6 HIGH SCHOOL DISTRICT THAT DOES NOT OFFER INSTRUCTION IN HIGH SCHOOL 7 SUBJECTS AS PROVIDED IN SECTION 15-447 IS \$1.9116.
- 8 (b) FOR A UNIFIED SCHOOL DISTRICT, A COMMON SCHOOL DISTRICT NOT 9 WITHIN A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH 10 SCHOOL DISTRICT THAT OFFERS INSTRUCTION IN HIGH SCHOOL SUBJECTS AS 11 PROVIDED IN SECTION 15-447 IS \$3.8232.
- 12 <<Sec. 13. Emergency
- 13 [This act is an emergency measure that is necessary to preserve the
- 14 public peace, health or safety and is operative immediately as provided by
- 15 <u>law.</u>>>
- 16 Enroll and engross to conform
- 17 Amend title to conform

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