

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SENATE BILL 1094

AN ACT

AMENDING SECTIONS 15-185, 15-341.01 AND 15-531, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-720.01; AMENDING SECTIONS 15-901, 15-945 AND 41-1276, ARIZONA REVISED STATUTES; AMENDING LAWS 2006, CHAPTER 375, SECTIONS 3 AND 5; MAKING AN APPROPRIATION; RELATING TO KINDERGARTEN THROUGH TWELFTH GRADE EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue
43 control limit and district support level as provided in section 15-948.

1 5. A school district that sponsors a charter school is not eligible to
2 include the charter school pupils in its student count for the purpose of
3 computing an increase in its capital outlay revenue limit as provided in
4 section 15-961, subsection C, except that if the charter school was
5 previously a school in the district, the district may include in its student
6 count any charter school pupils who were enrolled in the school district in
7 the prior year.

8 6. A school district that sponsors a charter school is not eligible to
9 include the charter school pupils in its student count for the purpose of
10 computing the revenue control limit which is used to determine the maximum
11 budget increase as provided in chapter 4, article 4 of this title unless the
12 charter school is located within the boundaries of the school district.

13 7. If a school district converts one or more of its district public
14 schools to a charter school and receives assistance as prescribed in
15 subsection B, paragraph 4 of this section, and subsequently converts the
16 charter school back to a district public school, the school district shall
17 repay the state the total additional assistance received for the charter
18 school for all years that the charter school was in operation. The repayment
19 shall be in one lump sum and shall be reduced from the school district's
20 current year equalization assistance. The school district's general budget
21 limit shall be reduced by the same lump sum amount in the current year.

22 B. Financial provisions for a charter school that is sponsored by the
23 state board of education or the state board for charter schools are as
24 follows:

25 1. The charter school shall calculate a base support level as
26 prescribed in section 15-943, except that sections 15-941 and 15-942 do not
27 apply to these charter schools.

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, or the adjusted
34 average daily membership, as prescribed in section 15-902, of the charter
35 school. Before the one hundredth day or two hundredth day in session, as
36 applicable, the state board of education or the state board for charter
37 schools may require a charter school to report periodically regarding pupil
38 enrollment and attendance and the department of education may revise its
39 computation of equalization assistance based on the report. A charter school
40 shall revise its student count, base support level and additional assistance
41 before May 15. A charter school that overestimated its student count shall
42 revise its budget before May 15. A charter school that underestimated its
43 student count may revise its budget before May 15.

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

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is one thousand ~~three~~ FOUR hundred
8 ~~eighty-seven~~ FIFTEEN dollars ~~twenty-five cents~~ per student count in
9 kindergarten programs and grades one through eight and one thousand six
10 hundred ~~sixteen~~ FORTY-NINE dollars ~~eighty-one~~ FIFTEEN cents per student count
11 in grades nine through twelve.

12 5. The state board of education shall apportion state aid from the
13 appropriations made for such purposes to the state treasurer for disbursement
14 to the charter schools in each county in an amount as determined by this
15 paragraph. The apportionments shall be made in twelve equal installments of
16 the total amount to be apportioned during the fiscal year on the fifteenth
17 day of each month of the fiscal year.

18 6. Notwithstanding paragraph 5 of this subsection, if sufficient
19 appropriated monies are available after the first forty days in session of
20 the current year, a charter school may request additional state monies to
21 fund the increased state aid due to anticipated student growth through the
22 first one hundred days or two hundred days in session, as applicable, of the
23 current year as provided in section 15-948. In no event shall a charter
24 school have received more than three-fourths of its total apportionment
25 before April 15 of the fiscal year. Early payments pursuant to this
26 subsection must be approved by the state treasurer, the director of the
27 department of administration and the superintendent of public instruction.

28 7. The charter school shall not charge tuition, levy taxes or issue
29 bonds.

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

36 C. If a pupil is enrolled in both a charter school and a public school
37 that is not a charter school, the sum of the daily membership, which includes
38 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
39 subdivisions (a) and (b) and daily attendance as prescribed in section
40 15-901, subsection A, paragraph 6, for that pupil in the school district and
41 the charter school shall not exceed 1.0, except that if the pupil is enrolled
42 in both a charter school and a joint technological education district and
43 resides within the boundaries of a school district participating in the joint
44 technological education district, the sum of the average daily membership for
45 that pupil in the charter school and the joint technological education

1 district shall not exceed 1.25. If a pupil is enrolled in both a charter
2 school and a public school that is not a charter school, the department of
3 education shall direct the average daily membership to the school with the
4 most recent enrollment date. Upon validation of actual enrollment in both a
5 charter school and a public school that is not a charter school and if the
6 sum of the daily membership or daily attendance for that pupil is greater
7 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
8 the public school and the charter school based on the percentage of total
9 time that the pupil is enrolled or in attendance in the public school and the
10 charter school, except that if the pupil is enrolled in both a charter school
11 and a joint technological education district and resides within the
12 boundaries of a school district participating in the joint technological
13 education district, the sum of the average daily membership for that pupil in
14 the charter school and the joint technological education district shall be
15 reduced to 1.25 and shall be apportioned between the charter school and the
16 joint technological education district based on the percentage of total time
17 that the pupil is enrolled or in attendance in the charter school and the
18 joint technological education district. The uniform system of financial
19 records shall include guidelines for the apportionment of the pupil
20 enrollment and attendance as provided in this section.

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

- 33 1. Equalization assistance shall not be less than zero.
- 34 2. For a charter school sponsored by the state board of education or
35 the state board for charter schools, the total of the base support level, the
36 capital outlay revenue limit, the soft capital allocation and the additional
37 assistance shall not be less than zero.
- 38 3. For a charter school sponsored by a school district, the base
39 support level for the school district shall not be reduced by more than the
40 amount that the charter school increased the district's base support level,
41 capital outlay revenue limit and soft capital allocation.

42 E. If a charter school was a district public school in the prior year
43 and is now being operated for or by the same school district and sponsored by
44 the state board of education, the state board for charter schools or a school
45 district governing board, the reduction in subsection D of this section

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

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

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

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

31 I. A charter school may receive and spend monies distributed by the
32 department of education pursuant to section 42-5029, subsection E and section
33 37-521, subsection B.

34 J. For the purposes of this section:

35 1. "Monies intended for the basic maintenance and operations of the
36 school" means monies intended to provide support for the educational program
37 of the school, except that it does not include supplemental assistance for a
38 specific purpose or P.L. 81-874 monies. The auditor general shall determine
39 which federal or state monies meet the definition in this paragraph.

40 2. "Operated for or by the same school district" means the charter
41 school is either governed by the same district governing board or operated by
42 the district in the same manner as other traditional schools in the district
43 or is operated by an independent party that has a contract with the school
44 district. The auditor general and the department of education shall
45 determine which charter schools meet the definition in this subsection.

1 Sec. 2. Section 15-341.01, Arizona Revised Statutes, is amended to
2 read:

3 15-341.01. One hundred eighty day school year; definition

4 A. Notwithstanding any other law, school instruction shall be
5 conducted in each public school in this state for school sessions that total
6 at least one hundred eighty days each school year. The superintendent of
7 public instruction shall cause all relevant school funding formulas to be
8 adjusted to reflect instruction on the one hundred eighty days' equivalency.
9 The department of education shall adjust the amount of state aid distributed
10 to school districts pursuant to section 15-971 to correspond to the increased
11 number of school days prescribed by this section.

12 ~~B. The legislative council shall prepare draft legislation that~~
13 ~~conforms the statutes and furthers the purposes of this section pursuant to~~
14 ~~article IV, part 1, section 1, Constitution of Arizona.~~

15 B. FOR THE PURPOSES OF THIS SECTION, "ONE HUNDRED EIGHTY DAYS" MEANS
16 ONE HUNDRED EIGHTY DAYS OF INSTRUCTION OR AN EQUIVALENT NUMBER OF MINUTES OF
17 INSTRUCTION PER SCHOOL YEAR BASED ON A DIFFERENT NUMBER OF DAYS OF
18 INSTRUCTION APPROVED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL
19 GOVERNING BODY.

20 Sec. 3. Section 15-531, Arizona Revised Statutes, is amended to read:

21 15-531. Fees

22 The state board of education may fix and collect fees for:

23 1. Issuance and evaluation, singly or both, including provisional,
24 basic or standard teaching certificate, administrative, specialized service,
25 nurse, career and technical education, vocational education or substitute,
26 special subject endorsements including guidance-counselor, art, music,
27 physical education, industrial arts, librarian or driver training, one year
28 and multi-year certificates including adult education, emergency or intern
29 certificates, not less than twenty dollars and not more than thirty dollars.

30 2. Renewal of any certificate, name changes, duplicates or changes of
31 coding to existing files or certificates, not less than ten dollars and not
32 more than twenty dollars.

33 3. Administration and evaluation of the examination on the
34 Constitutions of the United States and Arizona, ~~not less than six dollars and~~
35 ~~not more than twelve dollars for regularly scheduled administrations and not~~
36 ~~less than twelve dollars and not more than twenty dollars for administrations~~
37 ~~other than regularly scheduled administrations.~~ FEES FOR THE EXAMINATION ON
38 THE CONSTITUTIONS OF THE UNITED STATES AND ARIZONA SHALL NOT EXCEED THE FEES
39 ASSESSED BY THE TEST PUBLISHER.

40 4. Administration and evaluation of the ~~reading, grammar and~~
41 ~~mathematics~~ proficiency examination for applicants for teaching certificates,
42 ~~not less than ten dollars and not more than twenty dollars.~~ FEES FOR THE
43 PROFICIENCY EXAMINATION SHALL NOT EXCEED THE FEES ASSESSED BY THE TEST
44 PUBLISHER.

1 Sec. 4. Title 15, chapter 7, article 1, Arizona Revised Statutes, is
2 amended by adding section 15-720.01, to read:

3 15-720.01. Mathematics and science achievement grant program:
4 criteria; report; fund; program termination

5 A. THE MATHEMATICS AND SCIENCE ACHIEVEMENT GRANT PROGRAM IS
6 ESTABLISHED IN THE STATE BOARD OF EDUCATION AND SHALL BE ADMINISTERED BY THE
7 DEPARTMENT OF EDUCATION. THE PURPOSE OF THE PROGRAM IS TO PROMOTE IMPROVED
8 PUPIL ACHIEVEMENT IN MATHEMATICS AND SCIENCE BY PROVIDING SUPPLEMENTAL
9 FUNDING FOR INNOVATIVE MATHEMATICS AND SCIENCE PROGRAMS.

10 B. THE STATE BOARD OF EDUCATION SHALL DEVELOP APPLICATION PROCEDURES,
11 SELECTION CRITERIA AND MINIMUM PERFORMANCE STANDARDS. WITH THE APPROVAL OF
12 THE STATE BOARD OF EDUCATION, THE DEPARTMENT OF EDUCATION SHALL AWARD MATH
13 AND SCIENCE ACHIEVEMENT GRANTS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT
14 DEMONSTRATE THROUGH SPECIFIC PERFORMANCE MEASURES AND SUPPORTING DATA THAT
15 THE PROPOSED PROGRAMS PROVIDE NEW AND INNOVATIVE WAYS TO INCREASE PUPILS'
16 MATHEMATICS AND SCIENCE SKILLS. SCHOOL DISTRICTS AND CHARTER SCHOOLS MAY
17 CONTRACT WITH A SERVICE PROVIDER. THE DEPARTMENT OF EDUCATION SHALL GIVE
18 PRIORITY TO SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT HAVE LOW MATHEMATICS
19 AND SCIENCE ACHIEVEMENT SCORES AS MEASURED BY THE ARIZONA INSTRUMENT TO
20 MEASURE STANDARDS TEST PRESCRIBED IN SECTION 15-741.

21 C. ON OR BEFORE DECEMBER 15, THE DEPARTMENT OF EDUCATION SHALL SUBMIT
22 AN ANNUAL REPORT CONCERNING EACH GRANT RECIPIENT'S MATHEMATICS AND SCIENCE
23 ACHIEVEMENT PROGRAM TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE
24 SPEAKER OF THE HOUSE OF REPRESENTATIVES. THE DEPARTMENT OF EDUCATION SHALL
25 PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF STATE AND THE DIRECTOR OF
26 THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE REPORT SHALL
27 INCLUDE AN EVALUATION OF THE EFFECTIVENESS OF THE PROGRAM AND A COMPARISON OF
28 THE ANNUAL ACADEMIC ACHIEVEMENT OF PUPILS IN THE GRANT RECIPIENT'S
29 MATHEMATICS AND SCIENCE ACHIEVEMENT PROGRAM TO PUPILS IN COMPARABLE SCHOOLS
30 THAT ARE NOT IN THE MATHEMATICS AND SCIENCE ACHIEVEMENT PROGRAM.

31 D. THE MATHEMATICS AND SCIENCE ACHIEVEMENT PROGRAM FUND IS ESTABLISHED
32 CONSISTING OF MONIES APPROPRIATED FOR THIS PURPOSE. THE STATE BOARD OF
33 EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE EXEMPT FROM THE
34 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING APPROPRIATIONS. THE STATE
35 BOARD OF EDUCATION MAY RETAIN UP TO FIVE PER CENT OF THE MONIES APPROPRIATED
36 TO THE STATE BOARD FOR THE PURPOSES OF THIS SECTION FOR COSTS ASSOCIATED WITH
37 ADMINISTERING THE MATHEMATICS AND SCIENCE ACHIEVEMENT GRANT PROGRAM.

38 E. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2017
39 PURSUANT TO SECTION 41-3102.

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

41 15-901. Definitions

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

43 1. "Average daily attendance" or "ADA" means actual average daily
44 attendance through the first one hundred days or two hundred days in session,
45 as applicable.

1 2. "Average daily membership" means the total enrollment of fractional
2 students and full-time students, minus withdrawals, of each school day
3 through the first one hundred days or two hundred days in session, as
4 applicable, for the current year. Withdrawals include students formally
5 withdrawn from schools and students absent for ten consecutive school days,
6 except for excused absences as identified by the department of education.
7 For computation purposes, the effective date of withdrawal shall be
8 retroactive to the last day of actual attendance of the student.

9 (a) "Fractional student" means:

10 (i) For common schools, until fiscal year 2001-2002, a preschool child
11 who is enrolled in a program for preschool children with disabilities of at
12 least three hundred sixty minutes each week or a kindergarten student at
13 least five years of age prior to January 1 of the school year and enrolled in
14 a school kindergarten program that meets at least three hundred forty-six
15 instructional hours during the minimum number of days required in a school
16 year as provided in section 15-341. In fiscal year 2001-2002, the
17 kindergarten program shall meet at least three hundred forty-eight hours. In
18 fiscal year 2002-2003, the kindergarten program shall meet at least three
19 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
20 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
21 the kindergarten program shall meet at least three hundred fifty-four hours.
22 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
23 program shall meet at least three hundred fifty-six hours. Lunch periods and
24 recess periods may not be included as part of the instructional hours unless
25 the child's individualized education program requires instruction during
26 those periods and the specific reasons for such instruction are fully
27 documented. In computing the average daily membership, preschool children
28 with disabilities and kindergarten students shall be counted as one-half of a
29 full-time student. For common schools, a part-time student is a student
30 enrolled for less than the total time for a full-time student as defined in
31 this section. A part-time common school student shall be counted as
32 one-fourth, one-half or three-fourths of a full-time student if the student
33 is enrolled in an instructional program that is at least one-fourth, one-half
34 or three-fourths of the time a full-time student is enrolled as defined in
35 subdivision (b) of this paragraph.

36 (ii) For high schools, a part-time student who is enrolled in less
37 than four subjects that count toward graduation as defined by the state board
38 of education in a recognized high school and who is taught in less than
39 twenty instructional hours per week prorated for any week with fewer than
40 five school days. A part-time high school student shall be counted as
41 one-fourth, one-half or three-fourths of a full-time student if the student
42 is enrolled in an instructional program that is at least one-fourth, one-half
43 or three-fourths of a full-time instructional program as defined in
44 subdivision (c) of this paragraph.

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

2 (i) For common schools, a student who is at least six years of age
3 prior to January 1 of a school year, who has not graduated from the highest
4 grade taught in the school district and who is regularly enrolled in a course
5 of study required by the state board of education. Until fiscal year
6 2001-2002, first, second and third grade students, ungraded students at least
7 six, but under nine, years of age by September 1 or ungraded group B children
8 with disabilities who are at least five, but under six, years of age by
9 September 1 must be enrolled in an instructional program that meets for a
10 total of at least six hundred ninety-two hours during the minimum number of
11 days required in a school year as provided in section 15-341. In fiscal year
12 2001-2002, the program shall meet at least six hundred ninety-six hours. In
13 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
14 In fiscal year 2003-2004, the program shall meet at least seven hundred four
15 hours. In fiscal year 2004-2005, the program shall meet at least seven
16 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
17 thereafter, the program shall meet at least seven hundred twelve hours. Until
18 fiscal year 2001-2002, fourth, fifth and sixth grade students or ungraded
19 students at least nine, but under twelve, years of age by September 1 must be
20 enrolled in an instructional program that meets for a total of at least eight
21 hundred sixty-five hours during the minimum number of school days required in
22 a school year as provided in section 15-341. In fiscal year 2001-2002, the
23 program shall meet at least eight hundred seventy hours. In fiscal year
24 2002-2003, the program shall meet at least eight hundred seventy-five hours.
25 In fiscal year 2003-2004, the program shall meet at least eight hundred
26 eighty hours. In fiscal year 2004-2005, the program shall meet at least
27 eight hundred eighty-five hours. In fiscal year 2005-2006 and each fiscal
28 year thereafter, the program shall meet at least eight hundred ninety hours.
29 Until fiscal year 2001-2002, seventh and eighth grade students or ungraded
30 students at least twelve, but under fourteen, years of age by September 1
31 must be enrolled in an instructional program that meets for a total of at
32 least one thousand thirty-eight hours during the minimum number of days
33 required in a school year as provided in section 15-341. In fiscal year
34 2001-2002, the program shall meet at least one thousand forty-four hours. In
35 fiscal year 2002-2003, the program shall meet at least one thousand fifty
36 hours. In fiscal year 2003-2004, the program shall meet at least one
37 thousand fifty-six hours. In fiscal year 2004-2005, the program shall meet
38 at least one thousand sixty-two hours. In fiscal year 2005-2006 and each
39 fiscal year thereafter, the program shall meet at least one thousand
40 sixty-eight hours. Lunch periods and recess periods may not be included as
41 part of the instructional hours unless the student is a child with a
42 disability and the child's individualized education program requires
43 instruction during those periods and the specific reasons for such
44 instruction are fully documented.

1 (ii) For high schools, a student not graduated from the highest grade
2 taught in the school district, or an ungraded student at least fourteen years
3 of age by September 1, and enrolled in at least a full-time instructional
4 program of subjects that count toward graduation as defined by the state
5 board of education in a recognized high school. A full-time student shall
6 not be counted more than once for computation of average daily membership.

7 (iii) For homebound or hospitalized, a student receiving at least four
8 hours of instruction per week.

9 (c) "Full-time instructional program" means:

10 (i) Through fiscal year 2000-2001, at least four subjects, each of
11 which, if taught each school day for the minimum number of days required in a
12 school year, would meet a minimum of one hundred twenty hours a year, or the
13 equivalent, or one or more subjects taught in amounts of time totaling at
14 least twenty hours per week prorated for any week with fewer than five school
15 days.

16 (ii) For fiscal year 2001-2002, an instructional program that meets at
17 least a total of seven hundred four hours during the minimum number of days
18 required and includes at least four subjects each of which, if taught each
19 school day for the minimum number of days required in a school year, would
20 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
21 one or more subjects taught in amounts of time totaling at least twenty hours
22 per week prorated for any week with fewer than five school days.

23 (iii) For fiscal year 2002-2003, an instructional program that meets
24 at least a total of seven hundred eight hours during the minimum number of
25 days required and includes at least four subjects each of which, if taught
26 each school day for the minimum number of days required in a school year,
27 would meet a minimum of one hundred twenty-two hours a year, or the
28 equivalent, or one or more subjects taught in amounts of time totaling at
29 least twenty hours per week prorated for any week with fewer than five school
30 days.

31 (iv) For fiscal year 2003-2004, an instructional program that meets at
32 least a total of seven hundred twelve hours during the minimum number of days
33 required and includes at least four subjects each of which, if taught each
34 school day for the minimum number of days required in a school year, would
35 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
36 or one or more subjects taught in amounts of time totaling at least twenty
37 hours per week prorated for any week with fewer than five school days.

38 (v) For fiscal year 2004-2005, an instructional program that meets at
39 least a total of seven hundred sixteen hours during the minimum number of
40 days required and includes at least four subjects each of which, if taught
41 each school day for the minimum number of days required in a school year,
42 would meet a minimum of one hundred twenty-three hours a year, or the
43 equivalent, or one or more subjects taught in amounts of time totaling at
44 least twenty hours per week prorated for any week with fewer than five school
45 days.

1 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
2 instructional program that meets at least a total of seven hundred twenty
3 hours during the minimum number of days required and includes at least four
4 subjects each of which, if taught each school day for the minimum number of
5 days required in a school year, would meet a minimum of one hundred
6 twenty-three hours a year, or the equivalent, or one or more subjects taught
7 in amounts of time totaling at least twenty hours per week prorated for any
8 week with fewer than five school days.

9 3. "Budget year" means the fiscal year for which the school district
10 is budgeting and which immediately follows the current year.

11 4. "Common school district" means a political subdivision of this
12 state offering instruction to students in programs for preschool children
13 with disabilities and kindergarten programs and grades one through eight.

14 5. "Current year" means the fiscal year in which a school district is
15 operating.

16 6. "Daily attendance" means:

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

18 (i) Of a kindergarten program or ungraded, but not group B children
19 with disabilities, and at least five, but under six, years of age by
20 September 1 attends at least three-quarters of the instructional time
21 scheduled for the day. If the total instruction time scheduled for the year
22 is at least three hundred forty-six hours but is less than six hundred
23 ninety-two hours such attendance shall be counted as one-half day of
24 attendance. If the instructional time scheduled for the year is at least six
25 hundred ninety-two hours, "daily attendance" means days in which a pupil
26 attends at least one-half of the instructional time scheduled for the day.
27 Such attendance shall be counted as one-half day of attendance.

28 (ii) Of the first, second or third grades, ungraded and at least six,
29 but under nine, years of age by September 1 or ungraded group B children with
30 disabilities and at least five, but under six, years of age by September 1
31 attends more than three-quarters of the instructional time scheduled for the
32 day.

33 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
34 nine, but under twelve, years of age by September 1 attends more than
35 three-quarters of the instructional time scheduled for the day, except as
36 provided in section 15-797.

37 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
38 but under fourteen, years of age by September 1 attends more than
39 three-quarters of the instructional time scheduled for the day, except as
40 provided in section 15-797.

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

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

4 (ii) If attendance for all pupils in the school is based on half days,
5 the attendance of at least three-quarters of the instructional time scheduled
6 for the day shall be counted as a full day's attendance and attendance at a
7 minimum of one-half but less than three-quarters of the instructional time
8 scheduled for the day equals one-half day of attendance.

9 (c) For common schools, the attendance of a preschool child with
10 disabilities shall be counted as one-fourth day's attendance for each
11 thirty-six minutes of attendance not including lunch periods and recess
12 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
13 subsection for children with disabilities up to a maximum of three hundred
14 sixty minutes each week.

15 (d) For high schools or ungraded schools in which the pupil is at
16 least fourteen years of age by September 1, the attendance of a pupil shall
17 not be counted as a full day unless the pupil is actually and physically in
18 attendance and enrolled in and carrying four subjects, each of which, if
19 taught each school day for the minimum number of days required in a school
20 year, would meet a minimum of one hundred twenty hours a year, or the
21 equivalent, that count toward graduation in a recognized high school except
22 as provided in section 15-797 and subdivision (e) of this paragraph.
23 Attendance of a pupil carrying less than the load prescribed shall be
24 prorated.

25 (e) For high schools or ungraded schools in which the pupil is at
26 least fourteen years of age by September 1, the attendance of a pupil may be
27 counted as one-fourth of a day's attendance for each sixty minutes of
28 instructional time in a subject that counts toward graduation, except that
29 attendance for a pupil shall not exceed the pupil's full or fractional
30 membership.

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

34 (g) For school districts which maintain school for an approved
35 year-round school year operation, attendance shall be based on a computation,
36 as prescribed by the superintendent of public instruction, of the one hundred
37 eighty days' equivalency or two hundred days' equivalency, as applicable, of
38 instructional time as approved by the superintendent of public instruction
39 during which each pupil is enrolled.

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

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

1 (b) The total number of miles driven daily on routes approved by the
2 superintendent of public instruction for which a private party, a political
3 subdivision or a common or a contract carrier is reimbursed for bringing an
4 eligible student from the place of his residence to a school transportation
5 pickup point or to the school of attendance and from the school
6 transportation scheduled return point or from the school of attendance to his
7 residence. Daily route mileage includes the total number of miles necessary
8 to drive to transport eligible students from and to their residence as
9 provided in this paragraph.

10 8. "District support level" means the base support level plus the
11 transportation support level.

12 9. "Eligible students" means:

13 (a) Students who are transported by or for a school district and who
14 qualify as full-time students or fractional students, except students for
15 whom transportation is paid by another school district or a county school
16 superintendent, and:

17 (i) For common school students, whose place of actual residence within
18 the school district is more than one mile from the school facility of
19 attendance or students who are admitted pursuant to section 15-816.01 and who
20 meet the economic eligibility requirements established under the national
21 school lunch and child nutrition acts (42 United States Code sections 1751
22 through 1785) for free or reduced price lunches and whose actual place of
23 residence outside the school district boundaries is more than one mile from
24 the school facility of attendance.

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

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

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

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

1 10. "Enrolled" or "enrollment" means when a pupil is currently
2 registered in the school district.

3 11. "GDP price deflator" means the average of the four implicit price
4 deflators for the gross domestic product reported by the United States
5 department of commerce for the four quarters of the calendar year.

6 12. "High school district" means a political subdivision of this state
7 offering instruction to students for grades nine through twelve or that
8 portion of the budget of a common school district which is allocated to
9 teaching high school subjects with permission of the state board of
10 education.

11 13. "Revenue control limit" means the base revenue control limit plus
12 the transportation revenue control limit.

13 14. "Student count" means average daily membership as prescribed in
14 this subsection for the fiscal year prior to the current year, except that
15 for the purpose of budget preparation student count means average daily
16 membership as prescribed in this subsection for the current year.

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

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

21 17. "Total students transported" means all eligible students
22 transported from their place of residence to a school transportation pickup
23 point or to the school of attendance and from the school of attendance or
24 from the school transportation scheduled return point to their place of
25 residence.

26 18. "Unified school district" means a political subdivision of the
27 state offering instruction to students in programs for preschool children
28 with disabilities and kindergarten programs and grades one through twelve.

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

30 1. "Base" means the revenue level per student count specified by the
31 legislature.

32 2. "Base level" means:

33 ~~(a) For fiscal year 2004-2005, two thousand eight hundred ninety three~~
34 ~~dollars eighteen cents.~~

35 ~~(b) For fiscal year 2005-2006, three thousand one dollars.~~

36 ~~(c)~~ (a) For fiscal year 2006-2007, three thousand one hundred
37 thirty-three dollars fifty-three cents.

38 (b) FOR FISCAL YEAR 2007-2008, THREE THOUSAND TWO HUNDRED TWENTY-SIX
39 DOLLARS EIGHTY-EIGHT CENTS.

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

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

44 5. "Certified teacher" means a person who is certified as a teacher
45 pursuant to the rules adopted by the state board of education, who renders

1 direct and personal services to school children in the form of instruction
2 related to the school district's educational course of study and who is paid
3 from the maintenance and operation section of the budget.

4 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
5 emotional disabilities, mild mental retardation, a specific learning
6 disability, a speech/language impairment and other health impairments.

7 7. "ED-P" means programs for children with emotional disabilities who
8 are enrolled in private special education programs as prescribed in section
9 15-765, subsection D, paragraph 1 or in an intensive school district program
10 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

22 10. "Group A" means educational programs for career exploration, a
23 specific learning disability, an emotional disability, mild mental
24 retardation, remedial education, a speech/language impairment, homebound,
25 bilingual, preschool moderate delay, preschool speech/language delay, other
26 health impairments and gifted pupils.

27 11. "Group B" means educational improvements for pupils in kindergarten
28 programs and grades one through three, educational programs for autism, a
29 hearing impairment, moderate mental retardation, multiple disabilities,
30 multiple disabilities with severe sensory impairment, orthopedic impairments,
31 preschool severe delay, severe mental retardation and emotional disabilities
32 for school age pupils enrolled in private special education programs or in
33 school district programs for children with severe disabilities or visual
34 impairment and English learners enrolled in a program to promote English
35 language proficiency pursuant to section 15-752.

36 12. "HI" means programs for pupils with hearing impairment.

37 13. "Homebound" or "hospitalized" means a pupil who is capable of
38 profiting from academic instruction but is unable to attend school due to
39 illness, disease, accident or other health conditions, who has been examined
40 by a competent medical doctor and who is certified by that doctor as being
41 unable to attend regular classes for a period of not less than three school
42 months or a pupil who is capable of profiting from academic instruction but
43 is unable to attend school regularly due to chronic or acute health problems,
44 who has been examined by a competent medical doctor and who is certified by
45 that doctor as being unable to attend regular classes for intermittent

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

9 14. "K" means kindergarten programs.

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

11 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
12 multiple disabilities, autism and severe mental retardation.

13 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
14 with multiple disabilities, autism and severe mental retardation.

15 18. "MDSSI" means a program for pupils with multiple disabilities with
16 severe sensory impairment.

17 19. "MOMR" means programs for pupils with moderate mental retardation.

18 20. "OI-R" means a resource program for pupils with orthopedic
19 impairments.

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

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

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

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

29 25. "Small isolated school district" means a school district which
30 meets all of the following:

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

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

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

40 26. "Small school district" means a school district which meets all of
41 the following:

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

1 (b) Contains at least one school which is fewer than thirty miles by
2 the most reasonable route from another school which 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 of
5 public instruction.

6 27. "Transportation revenue control limit" means the transportation
7 revenue control limit computed as prescribed in section 15-946.

8 28. "Transportation support level" means the support level for pupil
9 transportation operating expenses as provided in section 15-945.

10 29. "VI" means programs for pupils with visual impairments.

11 30. "Voc. Ed." means career and technical education and vocational
12 education programs, as defined in section 15-781.

13 Sec. 6. Section 15-945, Arizona Revised Statutes, is amended to read:

14 15-945. Transportation support level

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

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

19 2. Multiply the figure obtained in paragraph 1 of this subsection by
20 one hundred eighty.

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

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

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

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year 2006-2007 2007-2008
0.5 or less	\$2.19 \$2.23
More than 0.5 through 1.0	\$1.77 \$1.81
More than 1.0	\$2.19 \$2.23

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

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

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

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

6 <u>Column 1</u>	7 <u>Column 2</u>	8 <u>Column 3</u>	9 <u>Column 4</u>
7 Approved Daily Route			
8 Mileage per Eligible	District Type	District Type	District Type
9 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
10 0.5 or less	0.15	0.10	0.25
11 More than 0.5 through 1.0	0.15	0.10	0.25
12 More than 1.0	0.18	0.12	0.30

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

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

22 1. Determine the sum of the following:
 23 (a) The total number of miles driven by all buses of a school district
 24 while transporting eligible pupils with disabilities on scheduled routes from
 25 their residence to the school of attendance and from the school of attendance
 26 to their residence on routes for extended school year services in accordance
 27 with section 15-881.

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

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

39 D. The transportation support level for each school district for the
 40 current year is the sum of the support level for to and from school as
 41 determined in subsection A of this section, the support level for academic
 42 education, career and technical education, vocational education and athletic
 43 trips as determined in subsection B of this section and the support level for
 44 extended school year services for pupils with disabilities as determined in
 45 subsection C of this section.

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

4 Sec. 7. Section 41-1276, Arizona Revised Statutes, is amended to read:
5 41-1276. Truth in taxation levy for equalization assistance to
6 school districts

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

11 1. The chairmen of the house of representatives ways and means
12 committee and the senate finance committee or their successor committees.

13 2. The chairmen of the appropriations committees of the senate and the
14 house of representatives or their successor committees.

15 B. The truth in taxation rates consist of the qualifying tax rate for
16 a high school district or a common school district within a high school
17 district that does not offer instruction in high school subjects pursuant to
18 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a
19 unified district, a common school district not within a high school district
20 or a common school district within a high school district that offers
21 instruction in high school subjects pursuant to section 15-971, subsection B,
22 paragraph 2 and a state equalization assistance property tax rate pursuant to
23 section 15-994 that will offset the change in net assessed valuation of
24 property that was subject to tax in the prior year.

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

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

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

33 3. Divide the amount determined in paragraph 1 of this subsection by
34 the amount determined in paragraph 2 of this subsection.

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

39 D. Except as provided in subsections E and G of this section, the
40 qualifying tax rate for a high school district or a common school district
41 within a high school district that does not offer instruction in high school
42 subjects, the qualifying tax rate for a unified school district, a common
43 school district not within a high school district or a common school district
44 within a high school district that offers instruction in high school subjects
45 and the state equalization assistance property tax rate for the following

1 fiscal year shall be the rate determined by the joint legislative budget
2 committee pursuant to subsection C of this section. The committee shall
3 transmit the rates to the superintendent of public instruction and the county
4 boards of supervisors by March 15 each year.

5 E. If the legislature proposes either qualifying tax rates or a state
6 equalization assistance property tax rate that exceeds the truth in taxation
7 rate:

8 1. The house of representatives ways and means committee and the
9 senate finance committee or their successor committees shall hold a joint
10 hearing on or before February 28 and publish a notice of a truth in taxation
11 hearing that meets the following requirements:

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

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

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

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

24 Truth in Taxation Hearing
25 Notice of Tax Increase

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

30 The proposed tax increase will cause the taxes on a
31 \$100,000 home to increase by \$_____.

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

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

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

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

6 G. Notwithstanding any other law, the legislature shall not adopt a
7 state budget that provides for either qualifying tax rates pursuant to
8 section 15-971 or a state equalization assistance property tax rate pursuant
9 to section 15-994 that exceeds the truth in taxation rates computed pursuant
10 to subsection A of this section unless the rates are adopted by a concurrent
11 resolution approved by an affirmative roll call vote of two-thirds of the
12 members of each house of the legislature before the legislature enacts the
13 general appropriations bill. If the resolution is not approved by two-thirds
14 of the members of each house of the legislature, the rates for the following
15 fiscal year shall be the truth in taxation rates determined pursuant to
16 subsection C of this section and shall be transmitted to the superintendent
17 of public instruction and the county boards of supervisors.

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

24 I. Pursuant to subsection C of this section, the qualifying tax rate
25 in tax year ~~2006~~ 2007 for a high school district or a common school district
26 within a high school district that does not offer instruction in high school
27 subjects as provided in section 15-447 is ~~\$1.7394~~ \$1.6020 and for a unified
28 school district, a common school district not within a high school district
29 or a common school district within a high school district that offers
30 instruction in high school subjects as provided in section 15-447 is ~~\$3.4788~~
31 \$3.2040. The state equalization assistance property tax rate in tax years
32 2006, 2007 and 2008 is zero. The state equalization assistance property tax
33 rate in tax year 2009 shall be computed by annually adjusting the tax year
34 2005 rate of \$0.4358 as provided by this section through tax year 2009.

35 Sec. 8. Laws 2006, chapter 375, section 3 is amended to read:

36 Sec. 3. E-learning pilot program

37 A. The department of education, in cooperation with the e-learning
38 task force established by section 15-1044, Arizona Revised Statutes, ~~as added~~
39 ~~by this act,~~ shall establish an e-learning pilot program at up to ten
40 schools.

41 B. On or before December 15, ~~2006~~ 2007, the e-learning task force, in
42 cooperation with the department of education, shall prepare an actionable
43 request for proposals to implement a three-year e-learning pilot program to
44 help participating schools to achieve academic and motivational gains based
45 on the state and national average and shall submit the preliminary request

1 for proposals to the joint legislative budget committee for review and
2 comment. The request for proposals shall require all responses to meet the
3 government information technology agency standards. The request shall
4 include:

5 1. The scope of work, including programmatic, performance and
6 technical requirements, conceptual design, specifications and functional and
7 operational elements for the delivery of the completed components of the
8 pilot program.

9 2. A description of the qualifications required of the entity or group
10 of entities that will be selected for the pilot program.

11 3. Copies of the contract documents that the successful bidder or
12 group of bidders will be expected to sign.

13 4. A timeline for the design and completion of the pilot program.

14 5. The estimated cost of the components of the pilot program.

15 6. Any other information relevant to the pilot program.

16 C. Based on the comments received from the joint legislative budget
17 committee, the task force shall finalize the request for proposals and the
18 department of education shall issue the finalized request for proposals
19 within thirty days after the hearing conducted by the joint legislative
20 budget committee.

21 D. The department of education shall award a contract or contracts
22 within one hundred eighty days after the issuance of the finalized request
23 for proposals.

24 E. At least ten days before the department of education enters into a
25 contract or contracts that result from the request for proposals, the
26 superintendent of public instruction shall submit the provisions of the
27 contract or contracts for review by the joint legislative budget committee in
28 executive session.

29 F. The overall e-learning system shall be implemented through a
30 three-year pilot program by an entity or a group of entities that delivers
31 the following elements:

32 1. Program management by an organization that is capable of each of
33 the following:

34 (a) Delivering reliable psychometric analysis of academic gains.

35 (b) Evaluating coursework for alignment with the academic standards
36 adopted by the state board of education.

37 (c) Performing reliability analysis of electronic systems delivering
38 coursework and assessments.

39 (d) Analysis and direction towards system improvements.

40 (e) Delivering monthly reports on the performance of the system and
41 directing any corrective steps required to achieve success.

42 2. A central delivery or supporting system with the ability to deliver
43 course work to fifty thousand students simultaneously at the highest
44 reliability level both at home and at school.

1 3. Mathematics instruction through a digital curriculum system with
2 coursework and assessments that are aligned with the academic standards
3 adopted by the state board of education. The assessments shall provide
4 formative and cumulative assessments aligned with the coursework, and shall
5 provide percentile rank, grade level and scale scores on the Arizona
6 instrument to measure standards test at the individual, classroom and school
7 level on a real-time basis. The scale score reports on the Arizona
8 instrument to measure standards test shall be on the same scale as the
9 passing scale score for a high school diploma in this state. The entity or
10 group of entities delivering the assessments shall be able to show that the
11 entity or group of entities are capable of delivering these assessments with
12 computer adaptive testing.

13 4. Lap-top technology to teachers and students involved in the pilot
14 program.

15 5. Teacher training and professional development coursework and
16 assessment. The teacher development and training shall be delivered by an
17 entity or group of entities that has experience providing teacher training
18 and professional development coursework and shall include both initial and
19 ongoing components. The coursework shall include strategies and techniques
20 to successfully integrate technological and digital resources into the daily
21 work of students.

22 G. After the department of education and the e-learning task force
23 have awarded a contract to the entity or group of entities that will
24 implement the e-learning pilot program, the department of education, in
25 cooperation with the e-learning task force, shall establish application
26 procedures and additional selection criteria for schools that wish to apply
27 for participation in the pilot program. The pilot program shall be conducted
28 at up to ten schools that provide instruction in any two grades consisting of
29 grade six, seven, eight or nine. Pupils in preschool programs, kindergarten
30 programs, grades one through five and grades ten, eleven and twelve are not
31 eligible to participate in the pilot program. These schools shall be able to
32 demonstrate that the teachers who will participate in the pilot program are
33 committed to the pilot program. The affected teachers shall complete the
34 initial training and professional development component of the pilot program
35 by the end of the fall semester of ~~2007~~ 2008.

36 H. In cooperation with the e-learning task force, the department of
37 education shall submit a report on or before November 15, ~~2010~~ 2011 to the
38 governor, the president of the senate and the speaker of the house of
39 representatives that summarizes the results of the pilot program. The
40 academic effectiveness of pupils in the pilot program shall be measured
41 according to the existing assessment mechanisms prescribed in title 15,
42 Arizona Revised Statutes. The department of education shall provide a copy
43 of this report to the secretary of state and the director of the Arizona
44 state library, archives and public records.

1 I. Schools and pupils that participate in the technology assisted
2 project-based instruction program established pursuant to section 15-808,
3 Arizona Revised Statutes, are not eligible for participation in the pilot
4 program.

5 Sec. 9. Laws 2006, chapter 375, section 5 is amended to read:

6 Sec. 5. Delayed repeal

7 ~~Sections 4 and 5 of this act,~~ LAWS 2006, CHAPTER 375, SECTION 3, AS
8 AMENDED BY THIS ACT, AND SECTION 4, relating to the e-learning pilot program
9 and the e-learning fund, are repealed from and after August 31, ~~2011~~ 2012.

10 Sec. 10. Department of education; e-learning pilot program;
11 distribution of monies

12 Notwithstanding Laws 2006, chapter 375, section 6, the department of
13 education may distribute the monies appropriated for the e-learning pilot
14 program in fiscal years 2006-2007, 2007-2008, 2008-2009, 2009-2010 and
15 2010-2011.

16 Sec. 11. Desegregation budget; limit

17 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
18 amount that a school district may budget for desegregation activities for
19 fiscal year 2007-2008 shall be computed as follows:

20 1. Determine the amount that the district budgeted for desegregation
21 activities for fiscal year 2006-2007 pursuant to Laws 2006, chapter 353,
22 section 18.

23 2. Compute the percentage increase in average daily membership for the
24 district, as defined in section 15-901, Arizona Revised Statutes, for the
25 2006-2007 school year above the 2005-2006 school year. If average daily
26 membership for the district decreased for the 2006-2007 school year below the
27 2005-2006 school year, assume a per cent increase of zero.

28 3. Multiply the amount determined in paragraph 1 of this section by
29 the percentage determined in paragraph 2 of this section.

30 4. Multiply the amount determined in paragraph 1 of this section by
31 two per cent for assumed inflation.

32 5. Add the amounts determined in paragraphs 1, 3 and 4 of this
33 section.

34 Sec. 12. Adjustment for rapid decline in student count for
35 fiscal year 2007-2008

36 Notwithstanding section 15-942, Arizona Revised Statutes, for fiscal
37 year 2007-2008, the department of education shall reduce by fifty per cent
38 the amount of rapid decline funding that a school district would otherwise be
39 eligible to receive pursuant to section 15-942, subsections A through F,
40 Arizona Revised Statutes.

41 Sec. 13. Audits; average daily membership

42 For fiscal year 2007-2008, the department of education or the office of
43 the auditor general may conduct average daily membership audits of school
44 districts and charter schools.

1 Sec. 14. Joint technological education district equalization
2 funding; pro rata reduction

3 Notwithstanding section 15-393, Arizona Revised Statutes, as amended by
4 this act, or any other law, the department of education shall fund state aid
5 for joint technological education districts in fiscal year 2007-2008 at
6 ninety-one and eight-tenths per cent of the amount that otherwise would be
7 provided by law and shall reduce the revenue control limit and district
8 support level of each affected district accordingly.

9 Sec. 15. Statewide system for teacher professional development
10 and performance based compensation; design

11 A. In collaboration with the department of education, the state board
12 of education shall design a statewide system for teacher professional
13 development and performance based compensation.

14 B. The state board of education may review data collected by the
15 Arizona performance based compensation system task force, pursuant to section
16 15-920.01, Arizona Revised Statutes, and by the department of education,
17 pursuant to section 15-977, Arizona Revised Statutes, relating to performance
18 based compensation and professional development.

19 C. The state board of education shall submit a report to the governor,
20 the speaker of the house of representatives and the president of the senate
21 no later than December 1, 2007. The state board of education shall provide a
22 copy of this report to the secretary of state and the director of the Arizona
23 state library, archives and public records. The report shall include a
24 summary and analysis of existing systems of teacher professional development
25 and performance based compensation and shall make recommendations to
26 integrate the existing systems for teacher professional development and
27 performance based compensation into statewide systems for teacher
28 professional development and performance based compensation.

29 Sec. 16. Errors in school district budget calculation;
30 correction

31 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
32 Statutes, school districts that miscalculated their fiscal year 2004-2005
33 budget shall be required to correct these errors over a five-year period
34 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if
35 each of the following conditions exist:

36 1. The school district provides evidence to the superintendent of
37 public instruction that the school district's budget for the current year is
38 properly calculated and will not result in any overexpenditures.

39 2. The total amount of the correction from the maintenance and
40 operations fund that would otherwise be required under section 15-915,
41 Arizona Revised Statutes, is more than two hundred twenty thousand dollars
42 but less than two hundred forty thousand dollars.

43 3. The total amount of the correction from the unrestricted capital
44 outlay fund that would otherwise be required under section 15-915, Arizona

1 Revised Statutes, is more than three thousand dollars but less than five
2 thousand dollars.

3 4. The average daily membership of the school district in fiscal year
4 2004-2005 was more than eight hundred eighty but less than nine hundred
5 forty.

6 B. Notwithstanding sections 15-905 and 15-915, Arizona Revised
7 Statutes, school districts that miscalculated their budgets during fiscal
8 year 2005-2006 shall correct these errors over a six-year period beginning in
9 fiscal year 2007-2008 and ending in fiscal year 2012-2013 if each of the
10 following conditions exist:

11 1. The department of education erroneously doubled the amount that
12 should have been calculated pursuant to section 15-905, subsection 0, Arizona
13 Revised Statutes, and that erroneous action resulted in an overstated general
14 budget limit.

15 2. The total amount of the correction that would otherwise be required
16 under this section is more than four hundred thousand dollars but less than
17 one million two hundred thousand dollars.

18 C. Notwithstanding sections 15-905 and 15-915, Arizona Revised
19 Statutes, school districts that miscalculated their budgets during fiscal
20 year 2005-2006 shall be required to correct these errors over a five-year
21 period beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012
22 if each of the following conditions exist:

23 1. The school district reported a total attending average daily
24 membership count of more than one thousand one hundred pupils and less than
25 one thousand two hundred pupils for the 2005-2006 school year in the annual
26 report of the superintendent of public instruction for fiscal year 2005-2006.

27 2. The total amount of the correction that would otherwise be required
28 under section 15-915, Arizona Revised Statutes, is more than four hundred
29 thousand dollars but less than four hundred fifty thousand dollars.

30 D. In addition to the monies required to be repaid pursuant to
31 subsections A, B and C of this section, accrued interest is required to be
32 paid at a rate determined by the superintendent of public instruction.

33 Sec. 17. Appropriation; basic state aid; base level increase

34 A. The sum of \$46,000,000 is appropriated from the state general fund
35 in fiscal year 2007-2008 to the department of education to fund an additional
36 increase in the base level authorized in section 15-901, subsection B,
37 paragraph 2, Arizona Revised Statutes, as amended by this act.

38 B. The funding appropriated in subsection A of this section shall be
39 used by school districts, charter schools and the Arizona state schools for
40 the deaf and the blind to provide salary and benefit increases to
41 nonadministrative personnel.

42 Sec. 18. Intent; definition

43 A. The monies appropriated in section 17 of this act are intended to
44 provide salary and benefit increases for nonadministrative personnel in
45 school districts, charter schools and the Arizona state schools for the deaf

1 and the blind. These increases are intended to be above and beyond any
2 existing contract, agreement or cost of living increase and are intended to
3 supplement and not supplant any existing monies for salary and benefit
4 increases for nonadministrative personnel.

5 B. Furthermore, for school districts and the Arizona state schools for
6 the deaf and the blind only, the intent is to provide school districts and
7 the Arizona state schools for the deaf and the blind with monies to work
8 towards increasing the base salary schedule for their certified classroom
9 teachers so that none of their certified classroom teachers are paid a base
10 salary less than \$33,000 per year.

11 C. For the purposes of this section, "existing monies" means any
12 monies that school districts or the Arizona state schools for the deaf and
13 the blind budgeted, designated or intended in any way to use for
14 nonadministrative personnel salary and benefit increases in fiscal year
15 2007-2008.