

REFERENCE TITLE: charter school funding; equalization.

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

SB 1165

Introduced by
Senator Gray L: Representative Clark

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(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.

44 5. A school district that sponsors a charter school is not eligible to
45 include the charter school pupils in its student count for the purpose of

1 computing an increase in its capital outlay revenue limit as provided in
2 section 15-961, subsection C, except that if the charter school was
3 previously a school in the district, the district may include in its student
4 count any charter school pupils who were enrolled in the school district in
5 the prior year.

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

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

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

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

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

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

1 4. Equalization assistance for the charter school shall be determined
 2 by adding the amount of the base support level and additional assistance.
 3 The amount of the additional assistance is ~~one thousand three hundred eighty~~
 4 ~~seven dollars twenty five cents~~ TWO THOUSAND TWO HUNDRED THIRTY-NINE DOLLARS
 5 TWO CENTS per student count in kindergarten programs and grades one through
 6 eight and ~~one thousand six hundred sixteen dollars eighty one cents~~ TWO
 7 THOUSAND SIX HUNDRED NINE DOLLARS FIFTY-THREE CENTS per student count in
 8 grades nine through twelve.

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

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

25 7. The charter school shall not charge tuition, levy taxes or issue
 26 bonds.

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

33 C. If a pupil is enrolled in both a charter school and a public school
 34 that is not a charter school, the sum of the daily membership, which includes
 35 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
 36 subdivisions (a) and (b) and daily attendance as prescribed in section
 37 15-901, subsection A, paragraph 6, for that pupil in the school district and
 38 the charter school shall not exceed 1.0, except that if the pupil is enrolled
 39 in both a charter school and a joint technological education district and
 40 resides within the boundaries of a school district participating in the joint
 41 technological education district, the sum of the average daily membership for
 42 that pupil in the charter school and the joint technological education
 43 district shall not exceed 1.25. If a pupil is enrolled in both a charter
 44 school and a public school that is not a charter school, the department of
 45 education shall direct the average daily membership to the school with the

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

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

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

31 2. For a charter school sponsored by the state board of education or
32 the state board for charter schools, the total of the base support level, the
33 capital outlay revenue limit, the soft capital allocation and the additional
34 assistance shall not be less than zero.

35 3. For a charter school sponsored by a school district, the base
36 support level for the school district shall not be reduced by more than the
37 amount that the charter school increased the district's base support level,
38 capital outlay revenue limit and soft capital allocation.

39 E. If a charter school was a district public school in the prior year
40 and is now being operated for or by the same school district and sponsored by
41 the state board of education, the state board for charter schools or a school
42 district governing board, the reduction in subsection D of this section
43 applies. The reduction to the base support level of the charter school or
44 the sponsoring district of the charter school shall equal the sum of the base
45 support level and the additional assistance received in the current year for

1 those pupils who were enrolled in the traditional public school in the prior
2 year and are now enrolled in the charter school in the current year.

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

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

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

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

31 J. For the purposes of this section:

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

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