

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HOUSE BILL 2495

AN ACT

AMENDING SECTION 15-101, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-465.01; AMENDING SECTIONS 15-905, 15-947, 15-973 AND 15-974, ARIZONA REVISED STATUTES; RELATING TO ACCOMMODATION SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-101, Arizona Revised Statutes, is amended to
3 read:
4 15-101. Definitions
5 In this title, unless the context otherwise requires:
6 1. "Accommodation school" means either:
7 (a) A school which is operated through the county board of supervisors
8 and the county school superintendent and which the county school
9 superintendent administers to serve a military reservation or territory which
10 is not included within the boundaries of a school district.
11 (b) A school that provides educational services to homeless children
12 or alternative education programs as provided in section 15-308,
13 subsection B.
14 (c) A SCHOOL THAT IS ESTABLISHED TO SERVE A MILITARY RESERVATION, THE
15 BOUNDARIES OF WHICH ARE COTERMINOUS WITH THE BOUNDARIES OF THE MILITARY
16 RESERVATION ON WHICH THE SCHOOL IS LOCATED.
17 2. "Assessed valuation" means the valuation derived by applying the
18 applicable percentage as provided in title 42, chapter 15, article 1 to the
19 full cash value or limited property value, whichever is applicable, of the
20 property.
21 3. "Charter school" means a public school established by contract with
22 a district governing board, the state board of education or the state board
23 for charter schools pursuant to article 8 of this chapter to provide learning
24 that will improve pupil achievement.
25 4. "Child with a disability" means a child with a disability as
26 defined in section 15-761.
27 5. "Class A bonds" means general obligation bonds approved by a vote
28 of the qualified electors of a school district at an election held on or
29 before December 31, 1998.
30 6. "Class B bonds" means general obligation bonds approved by a vote
31 of the qualified electors of a school district at an election held from and
32 after December 31, 1998.
33 7. "Competency" means a demonstrated ability in a skill at a specified
34 performance level.
35 8. "Course" means organized subject matter in which instruction is
36 offered within a given period of time and for which credit toward promotion,
37 graduation or certification is usually given. A course consists of knowledge
38 selected from a subject for instructional purposes in the schools.
39 9. "Course of study" means a list of required and optional subjects to
40 be taught in the schools.
41 10. "Dual enrollment course" means a college level course that is
42 conducted on the campus of a high school or on the campus of a joint
43 technological education district, that is applicable to an established
44 community college academic degree or certificate program and that is
45 transferable to a university under the jurisdiction of the Arizona board of

1 regents. A dual enrollment course that is applicable to a community college
2 occupational degree or certificate program may be transferable to a
3 university under the jurisdiction of the Arizona board of regents.

4 11. "Fiscal year" means the year beginning July 1 and ending June 30.

5 12. "Governing board" means a body organized for the government and
6 management of the schools within a school district or a county school
7 superintendent in the conduct of an accommodation school.

8 13. "Lease" means an agreement for conveyance and possession of real or
9 personal property.

10 14. "Limited property value" means the value determined pursuant to
11 title 42, chapter 13, article 7. Limited property value shall be used as the
12 basis for assessing, fixing, determining and levying primary property taxes.

13 15. "Parent" means the natural or adoptive parent of a child or a
14 person who has custody of a child.

15 16. "Person who has custody" means a parent or legal guardian of a
16 child, a person to whom custody of the child has been given by order of a
17 court or a person who stands in loco parentis to the child.

18 17. "P.L. 81-874" means public law 81-874 or its successors.

19 18. "Primary property taxes" means all ad valorem taxes except for
20 secondary property taxes.

21 19. "Private school" means a nonpublic institution where instruction is
22 imparted.

23 20. "School" means any public institution established for the purposes
24 of offering instruction to pupils in programs for preschool children with
25 disabilities, kindergarten programs or any combination of grades one through
26 twelve.

27 21. "School district" means a political subdivision of this state with
28 geographic boundaries organized for the purpose of the administration,
29 support and maintenance of the public schools or an accommodation school.

30 22. "Secondary property taxes" means ad valorem taxes used to pay the
31 principal of and the interest and redemption charges on any bonded
32 indebtedness or other lawful long-term obligation issued or incurred for a
33 specific purpose by a school district or a community college district and
34 amounts levied pursuant to an election to exceed a budget, expenditure or tax
35 limitation.

36 23. "Subject" means a division or field of organized knowledge, such as
37 English or mathematics, or a selection from an organized body of knowledge
38 for a course or teaching unit, such as the English novel or elementary
39 algebra.

40 Sec. 2. Title 15, chapter 4, article 3, Arizona Revised Statutes, is
41 amended by adding section 15-465.01, to read:

42 15-465.01. Accommodation school; military reservation;
43 governing board

44 A. NOTWITHSTANDING ANY OTHER LAW, THE GOVERNING BOARD OF AN
45 ACCOMMODATION SCHOOL LOCATED ON A MILITARY RESERVATION SHALL BE COMPOSED OF:

1 1. TWO MEMBERS WHO ARE APPOINTED BY THE COUNTY SCHOOL SUPERINTENDENT.
2 2. TWO MEMBERS WHO ARE APPOINTED BY THE COMMANDING OFFICER OF THE
3 MILITARY RESERVATION ON WHICH THE SCHOOL OR SCHOOLS ARE LOCATED.
4 3. ONE MEMBER WHO IS SELECTED BY A VOTE OF THE MEMBERS OF THE
5 GOVERNING BOARD WHO ARE APPOINTED PURSUANT TO PARAGRAPHS 1 AND 2. THE MEMBER
6 APPOINTED PURSUANT TO THIS PARAGRAPH SHALL BE SELECTED WITHIN THIRTY DAYS
7 AFTER THE APPOINTMENT OF THE FOURTH MEMBER APPOINTED PURSUANT TO PARAGRAPHS 1
8 AND 2.
9 B. THE TERM OF EACH MEMBER SHALL BE FOUR YEARS, TO BEGIN AND END ON
10 JANUARY 1, EXCEPT THAT THE FIRST PERSON APPOINTED BY THE COUNTY SCHOOL
11 SUPERINTENDENT AND THE FIRST PERSON APPOINTED BY THE COMMANDING OFFICER
12 PURSUANT TO SUBSECTION A, PARAGRAPHS 1 AND 2 SHALL SERVE TWO YEAR TERMS, TO
13 BEGIN AND END ON JANUARY 1.
14 C. A PERSON WHO IS REGISTERED TO VOTE IN THE COUNTY IN WHICH THE
15 ACCOMMODATION SCHOOL IS LOCATED AND WHO EITHER IS EMPLOYED ON THE MILITARY
16 RESERVATION OR RESIDES ON THAT MILITARY RESERVATION IS ELIGIBLE FOR
17 APPOINTMENT TO THE GOVERNING BOARD, EXCEPT THAT NO EMPLOYEE OF THE
18 ACCOMMODATION SCHOOL OR THE SPOUSE OF AN EMPLOYEE OF AN ACCOMMODATION SCHOOL
19 MAY BE A MEMBER OF THE GOVERNING BOARD OF THAT ACCOMMODATION SCHOOL.
20 D. THE APPOINTMENT TO FILL A VACANCY CAUSED BY OTHER THAN EXPIRATION
21 OF A TERM SHALL BE MADE BY THE ENTITY THAT MADE THE ORIGINAL APPOINTMENT AND
22 FOR THE UNEXPIRED PORTION OF THE TERM.
23 E. AN ACCOMMODATION SCHOOL GOVERNING BOARD ESTABLISHED PURSUANT TO
24 THIS SECTION SHALL HAVE ALL OF THE POWERS AND DUTIES OF A SCHOOL DISTRICT
25 GOVERNING BOARD, EXCEPT THAT AN ACCOMMODATION SCHOOL GOVERNING BOARD SHALL
26 NOT ISSUE DEBT OR LEVY TAXES.
27 Sec. 3. Section 15-905, Arizona Revised Statutes, is amended to read:
28 15-905. School district budgets; notice; adoption; aggregate
29 budget limit; summary; adjustments; definition
30 A. Not later than July 5 of each year or no later than the publication
31 of notice of the public hearing and board meeting as required by this
32 section, the governing board of each school district shall prepare and
33 furnish to the superintendent of public instruction and the county school
34 superintendent, unless waived by the county school superintendent, a proposed
35 budget in electronic format for the budget year, which shall contain the
36 information and be in the form as provided by the department of education.
37 The proposed budget shall include the following:
38 1. The total amount of revenues from all sources that was necessary to
39 meet the school district's budget for the current year.
40 2. The total amount of revenues by source that will be necessary to
41 meet the proposed budget of the school district, excluding property taxes.
42 The governing board shall prepare the proposed budget and a summary of the
43 proposed budget. Both documents shall be kept on file at the school district
44 office and shall be made available to the public upon request. The auditor
45 general in conjunction with the department of education shall prescribe the

1 form of the summary of the proposed budget for use by governing boards.
2 School district governing boards may include in the proposed budget any items
3 or amounts which are authorized by legislation filed with the secretary of
4 state and which will become effective during the budget year. If subsequent
5 events prevent the legislation from becoming effective, school district
6 governing boards must reduce their budgets by the amounts budgeted pursuant
7 to the legislation which did not become effective.

8 B. The governing board of each school district shall prepare a notice
9 fixing a time not later than July 15 and designating a public place within
10 each school district at which a public hearing and board meeting shall be
11 held. The governing board shall present the proposed budget for
12 consideration of the residents and the taxpayers of the school district at
13 such hearing and meeting.

14 C. The governing board of each school district shall publish or mail,
15 prior to the hearing and meeting, a copy of the proposed budget or the
16 summary of the proposed budget and, in addition, a notice of the public
17 hearing and board meeting no later than ten days prior to the meeting. The
18 proposed budget and the summary of the proposed budget shall contain the
19 percentage of increase or decrease in each budget category of the proposed
20 budget as compared to each category of the budget for the current year.
21 Notification shall be either by publication in a newspaper of general
22 circulation within the school district in which the size of the newspaper
23 print shall be at least eight-point type, by electronic transmission of the
24 information to the department of education for posting on the department's
25 web site or by mailing the information to each household in the school
26 district. The cost of publication, web site posting or mailing shall be a
27 charge against the school district. The publisher's affidavit of publication
28 shall be filed by the governing board with the superintendent of public
29 instruction within thirty days after publication. If the budget or proposed
30 budget and notice are posted on a web site maintained by the department of
31 education or mailed, the board shall file an affidavit with the
32 superintendent of public instruction within thirty days after the mailing or
33 the date that the information is posted on the web site. If a truth in
34 taxation notice and hearing is required under section 15-905.01, the
35 governing board may combine the notice and hearing under this section with
36 the truth in taxation notice and hearing.

37 D. At the time and place fixed in the notice, the governing board
38 shall hold the public hearing and present the proposed budget to the persons
39 attending the hearing. Upon request of any person, the governing board shall
40 explain the budget, and any resident or taxpayer of the school district may
41 protest the inclusion of any item. A governing board member who has a
42 substantial interest, as defined in section 38-502, in a specific item in the
43 school district budget shall refrain from voting on the specific item. A
44 governing board member may without creating a conflict of interest

1 participate in adoption of a final budget even though the member may have
2 substantial interest in specific items included in the budget.

3 E. Immediately following the public hearing the president shall call
4 to order the governing board meeting for the purpose of adopting the budget.
5 The governing board shall adopt the budget which shall not exceed the general
6 budget limit, the unrestricted capital budget limit or the soft capital
7 allocation limit, making such deductions as it sees fit but making no
8 additions to the proposed budget total for maintenance and operations or
9 capital outlay, and shall enter the budget as adopted in its minutes. Not
10 later than July 18, the budget as finally adopted shall be filed by the
11 governing board with the county school superintendent who shall immediately
12 transmit a copy to the board of supervisors. Not later than July 18, the
13 budget as finally adopted shall be submitted electronically to the
14 superintendent of public instruction. On or before October 30, the
15 superintendent of public instruction shall review the budget and notify the
16 governing board if the budget is in excess of the general budget limit, the
17 unrestricted capital budget limit or the soft capital allocation limit. If
18 the governing board receives notification that the budget is in excess of the
19 general budget limit, the unrestricted capital budget limit or the soft
20 capital allocation limit by fewer than one thousand dollars, the governing
21 board shall adjust the budget and expenditures so as not to exceed the
22 general budget limit, the unrestricted capital budget limit or the soft
23 capital allocation limit for the current year. If the governing board
24 receives notification that the budget is in excess of the general budget
25 limit, the unrestricted capital budget limit or the soft capital allocation
26 limit by one thousand dollars or more, it shall on or before December 15,
27 after it gives notice and holds a public meeting in a similar manner as
28 provided in subsections C and D of this section, adopt a revised budget for
29 the current year which shall not exceed the general budget limit, the
30 unrestricted capital budget limit or the soft capital allocation limit. On
31 or before December 18, the governing board shall file the revised budget
32 which it adopts with the county school superintendent who shall immediately
33 transmit a copy to the board of supervisors. Not later than December 18, the
34 budget as revised shall be submitted electronically to the superintendent of
35 public instruction. School districts that are subject to section 15-914.01
36 are not required to send a copy of revised budgets to the county school
37 superintendent. Procedures for adjusting expenditures or revising the budget
38 shall be as prescribed in the uniform system of financial records.

39 F. The governing board of each school district may budget for
40 expenditures within the school district budget as follows:

41 1. Amounts within the general budget limit, as provided in section
42 15-947, subsection C, may only be budgeted in the following sections of the
43 budget:

44 (a) The maintenance and operation section.

45 (b) The capital outlay section.

1 2. Amounts within the unrestricted capital budget limit, as provided
2 in section 15-947, subsection D, may only be budgeted in the unrestricted
3 capital outlay subsection of the budget. Monies received pursuant to the
4 unrestricted capital budget limit shall be placed in the unrestricted capital
5 outlay fund. The monies in the fund are not subject to reversion.

6 3. The soft capital allocation limit, as provided in section 15-947,
7 subsection E, may only be budgeted in the soft capital allocation subsection
8 of the budget.

9 G. The governing board may authorize the expenditure of monies
10 budgeted within the maintenance and operation section of the budget for any
11 subsection within the section in excess of amounts specified in the adopted
12 budget only by action taken at a public meeting of the governing board and if
13 the expenditures for all subsections of the section do not exceed the amount
14 budgeted as provided in this section. Until June 30, 1999, the governing
15 board may authorize the expenditure of monies to exceed the budgeted
16 expenditures of the capital outlay section of the budget only by action taken
17 at a public meeting of the governing board and if monies are available in the
18 reserve.

19 H. The aggregate budget limit is the sum of the following:

20 1. The general budget limit as determined in section 15-947 for the
21 budget year.

22 2. The unrestricted capital budget limit as determined in section
23 15-947 for the budget year.

24 3. The soft capital allocation limit for the budget year as determined
25 in section 15-947.

26 4. Federal assistance, excluding P.L. 81-874 monies.

27 I. School districts which overestimated tuition revenues as provided
28 in section 15-947, subsection C, paragraph 2 shall adjust the general budget
29 limit and expenditures based upon tuition revenues for attendance of
30 nonresident pupils during the current fiscal year. School districts which
31 underestimated tuition revenues may adjust their budgets prior to May 15
32 based upon tuition revenues for attendance of nonresident pupils during the
33 current fiscal year. School districts which overestimated revenues as
34 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items
35 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit
36 and expenditures based on actual revenues during the current fiscal year.
37 School districts which underestimated such revenues may adjust their budgets
38 before May 15 based on actual revenues during the current fiscal year.
39 Procedures for completing adjustments shall be as prescribed in the uniform
40 system of financial records. Not later than May 18, the budget as adjusted
41 shall be submitted electronically to the superintendent of public
42 instruction.

43 J. A common school district not within a high school district whose
44 estimated tuition charge for high school pupils exceeds the actual tuition
45 charge for high school pupils shall adjust the general budget limit and

1 expenditures based on the actual tuition charge. Not later than May 18, the
2 budget as adjusted shall be submitted electronically to the superintendent of
3 public instruction. A common school district not within a high school
4 district whose estimated tuition charge for high school pupils is less than
5 the actual tuition charge for high school pupils may adjust its budget before
6 May 15 based on the actual tuition charge. Procedures for completing
7 adjustments shall be as prescribed in the uniform system of financial
8 records. If the adjusted general budget limit requires an adjustment of
9 state aid and if the adjustment to state aid is not made in the current year,
10 the superintendent of public instruction shall adjust by August 15 of the
11 succeeding fiscal year the apportionment of state aid to the school district
12 to correct any overpayment or underpayment of state aid received during the
13 current year.

14 K. The governing board may include P.L. 81-874 assistance allocated
15 for children with disabilities, children with specific learning disabilities,
16 ~~and~~ children residing on Indian lands AND CHILDREN RESIDING WITHIN THE
17 BOUNDARIES OF AN ACCOMMODATION SCHOOL THAT IS LOCATED ON A MILITARY
18 RESERVATION AND THAT IS CLASSIFIED AS A HEAVILY IMPACTED LOCAL EDUCATIONAL
19 AGENCY PURSUANT TO 20 UNITED STATES CODE SECTION 7703 which is in addition to
20 basic assistance when determining the general budget limit as prescribed in
21 section 15-947, subsection C. THE INCREASE IN THE GENERAL BUDGET LIMIT FOR
22 CHILDREN RESIDING WITHIN THE BOUNDARIES OF AN ACCOMMODATION SCHOOL THAT IS
23 LOCATED ON A MILITARY RESERVATION AND THAT IS CLASSIFIED AS A HEAVILY
24 IMPACTED LOCAL EDUCATION AGENCY SHALL EQUAL THE DOLLAR AMOUNT CALCULATED
25 PURSUANT TO 20 UNITED STATES CODE SECTION 7703(b)(2). The governing board
26 may adjust before May 15 the budget for the current year based on any
27 adjustments which result in increases over the amount estimated by the
28 superintendent of public instruction for P.L. 81-874 assistance for such
29 pupils for the fiscal year preceding the current year. The governing board
30 shall adjust before May 15 the budget for the current year based on any
31 adjustments which result in decreases in the amount estimated by the
32 superintendent of public instruction for P.L. 81-874 assistance for such
33 pupils for the fiscal year preceding the current year. Not later than May
34 18, the budget as adjusted shall be submitted electronically to the
35 superintendent of public instruction. Procedures for complying with ~~the~~
36 ~~provisions of~~ this subsection shall be as prescribed in the uniform system of
37 financial records.

38 L. The state board of education shall hold a hearing if expenditures
39 by any school district exceed the general budget limit prescribed in section
40 15-947, subsection C, the unrestricted capital budget limit, the soft capital
41 allocation limit prescribed in section 15-947, subsection E, the school plant
42 fund limits prescribed in section 15-1102, subsection B, the maintenance and
43 operation section of the budget or the capital outlay section of the budget.
44 If the expenditures of any school district exceed these limits or sections of
45 the budget without authorization as provided in section 15-907, the state

1 board of education shall reduce the state aid for equalization assistance for
2 education for the school district computed as provided in section 15-971
3 during the fiscal year subsequent to the fiscal year in which the excess
4 expenditures were made by an amount equal to the excess expenditures, except
5 that in case of hardship to the school district, the superintendent of public
6 instruction may approve reductions partly in the first subsequent year and
7 partly in the second subsequent year.

8 M. The governing board of a school district shall reduce the general
9 budget limit, the unrestricted capital budget limit or the soft capital
10 allocation limit, for the year subsequent to the year in which the
11 expenditures were in excess of the applicable limit or section of the budget
12 by the amount determined in subsection L of this section, except that in case
13 of hardship to the school district, the superintendent of public instruction
14 may approve reductions partly in the first subsequent year and partly in the
15 second subsequent year. The reduction in the limit is applicable to each
16 school district which has exceeded the general budget limit, the unrestricted
17 capital budget limit, the soft capital allocation limit or a section of the
18 budget even if the reduction exceeds the state aid for equalization
19 assistance for education for the school district.

20 N. Except as provided in section 15-916, no expenditure shall be made
21 by any school district for a purpose not included in the budget or in excess
22 of the aggregate budget limit prescribed in this section, except that if no
23 budget has been adopted, from July 1 to July 15 the governing board may make
24 expenditures if the total of the expenditures does not exceed ten per cent of
25 the prior year's aggregate budget limit. Any expenditures made from July 1
26 to July 15 and prior to the adoption of the budget shall be included in the
27 total expenditures for the current year. No expenditure shall be made and no
28 debt, obligation or liability shall be incurred or created in any year for
29 any purpose itemized in the budget in excess of the amount specified for the
30 item irrespective of whether the school district at any time has received or
31 has on hand funds in excess of those required to meet the expenditures,
32 debts, obligations and liabilities provided for under the budget except
33 expenditures from cash controlled funds as defined by the uniform system of
34 financial records and except as provided in section 15-907 and subsection G
35 of this section. This subsection does not prohibit any school district from
36 prepaying insurance premiums or magazine subscriptions, or from prepaying any
37 item which is normally prepaid in order to procure the service or to receive
38 a discounted price for the service, as prescribed by the uniform system of
39 financial records.

40 O. The governing board of a school district which is classified as a
41 heavily impacted school district having twenty per cent or more pupils
42 pursuant to 20 United States Code section 238(d)1(A) may determine its
43 eligibility to increase the amount that may be included in determining the
44 general budget limit as provided in subsection K of this section and may
45 increase the amount as follows:

1 1. For fiscal year 1988-1989:

2 (a) Multiply one thousand ninety-four dollars by the number of
3 children with disabilities or children with specific learning disabilities,
4 excluding children who also reside on Indian lands, reported to the division
5 of impact aid, United States department of education in the district's
6 application for fiscal year 1987-1988.

7 (b) Multiply five hundred forty-seven dollars by the number of
8 children residing on Indian lands, excluding children who have disabilities
9 or also have specific learning disabilities, reported to the division of
10 impact aid, United States department of education in the district's
11 application for fiscal year 1987-1988.

12 (c) Multiply one thousand nine hundred fourteen dollars by the number
13 of children residing on Indian lands who have disabilities or also have
14 specific learning disabilities reported to the division of impact aid, United
15 States department of education in the district's application for fiscal year
16 1987-1988.

17 (d) Add the amounts determined in subdivisions (a) through (c).

18 (e) If the amount of P.L. 81-874 assistance as provided in subsection
19 K of this section is less than the sum determined in subdivision (d) of this
20 paragraph, the district is eligible to use the provisions of this subsection.

21 2. For budget years after 1988-1989, use the provisions of paragraph 1
22 of this subsection, but increase each dollar amount by the growth rate for
23 that year as prescribed by law, subject to appropriation and use the number
24 of children reported in the appropriate category for the current fiscal year.

25 3. If the district is eligible to use the provisions of this
26 subsection, subtract the amount of P.L. 81-874 assistance determined in
27 subsection K of this section from the sum determined in paragraph 1,
28 subdivision (d) of this subsection. The difference is the increase in the
29 amount that may be included in determining the general budget limit as
30 provided in subsection K of this section, if including this amount does not
31 increase the district's primary tax rate for the budget year. If the amount
32 of P.L. 81-874 assistance determined in subsection K of this section is
33 adjusted for the current year, the increase determined in this paragraph
34 shall be recomputed using the adjusted amount and the recomputed increase
35 shall be reported to the department of education by May 15 on a form
36 prescribed by the department of education.

37 4. If a district uses the provisions of this subsection, the district
38 is not required to adjust its budget for the current year based on
39 adjustments in the estimated amount of P.L. 81-874 assistance as provided in
40 subsection K of this section.

41 P. A school district, except for an accommodation school, which
42 applies for P.L. 81-874 assistance during the current year may budget an
43 amount for P.L. 81-874 administrative costs for the budget year. The amount
44 budgeted for P.L. 81-874 administrative costs is exempt from the revenue

1 control limit and may not exceed an amount determined for the budgeted year
2 as follows:

3 1. Determine the minimum cost. The minimum cost for fiscal year
4 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
5 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
6 year increased by the growth rate as prescribed by law, subject to
7 appropriation.

8 2. Determine the hourly rate. The hourly rate for fiscal year
9 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
10 thereafter, the hourly rate is the hourly rate for the prior year increased
11 by the growth rate as prescribed by law, subject to appropriation.

12 3. Determine the P.L. 81-874 revenues available by subtracting the
13 amount of P.L. 81-874 assistance used to increase the general budget limit as
14 provided in subsections K and O of this section for the current fiscal year
15 from the total amount of P.L. 81-874 revenues received in the current fiscal
16 year.

17 4. Determine the total number of administrative hours as follows:

18 (a) Determine the sum of the following:

19 (i) 1.00 hours for each high impact pupil who is not disabled or does
20 not have specific learning disabilities.

21 (ii) 1.25 hours for each high impact pupil who is disabled or has
22 specific learning disabilities.

23 (iii) 0.25 hours for each low impact pupil who is not disabled or does
24 not have specific learning disabilities.

25 (iv) 0.31 hours for each low impact pupil who is disabled or has
26 specific learning disabilities.

27 (b) For the purposes of this paragraph:

28 (i) "High impact pupil" means a pupil who resides on Indian lands or a
29 pupil who resides on federal property or in low rent housing and whose parent
30 is employed on federal property or low rent housing property or is on active
31 duty in uniformed service, as provided in P.L. 81-874, section 3(a) and as
32 reported in the application for P.L. 81-874 assistance in the current year.

33 (ii) "Low impact pupil" means a pupil who resides on nonfederal
34 property and has a parent who is employed on federal property or low rent
35 housing property or is on active duty in a uniformed service or a pupil who
36 resides on federal property or in low rent housing and who does not have a
37 parent who is employed on federal property or low rent housing property or is
38 on active duty in uniformed service, as provided in P.L. 81-874, section 3(b)
39 and as reported in the application for P.L. 81-874 assistance in the current
40 year.

41 5. Multiply the total number of administrative hours determined in
42 paragraph 4 of this subsection by the hourly rate determined in paragraph 2
43 of this subsection.

1 6. Determine the greater of the minimum cost determined in paragraph 1
2 of this subsection or the product determined in paragraph 5 of this
3 subsection.

4 7. Add to the amount determined in paragraph 6 of this subsection the
5 amount, if any, to be expended by the school district in the budget year
6 through an intergovernmental agreement with other school districts or the
7 department of education to provide P.L. 81-874 technical assistance to
8 participating districts.

9 8. Determine the lesser of the amount determined in paragraph 7 of
10 this subsection or the revenues available as determined in paragraph 3 of
11 this subsection.

12 9. The amount determined in paragraph 8 of this subsection is the
13 maximum amount which may be budgeted for P.L. 81-874 administrative costs for
14 the budget year as provided in this subsection.

15 10. If the governing board underestimated the amount that may be
16 budgeted for P.L. 81-874 administrative costs for the current year, the board
17 may adjust the general budget limit and the budget before May 15. If the
18 governing board overestimated the amount that may be budgeted for P.L. 81-874
19 administrative costs for the current year, the board shall adjust the general
20 budget limit and the budget before May 15.

21 Q. If a school district governing board has adopted a budget for a
22 fiscal year based on forms and instructions provided by the auditor general
23 and the department of education for that fiscal year and if, as a result of
24 the enactment or nonenactment of proposed legislation after May 1 of the
25 previous fiscal year, the budget is based on incorrect limits, does not
26 include items authorized by law or does not otherwise conform with law, the
27 governing board may revise its budget at a public hearing on or before
28 September 15 to conform with the law. Not later than September 18, the
29 budget as adjusted shall be submitted electronically to the superintendent of
30 public instruction. If the governing board does not revise the budget on or
31 before September 15 and if the budget includes any items not authorized by
32 law or if the budget exceeds any limits, the governing board shall adjust or
33 revise the budget as provided in subsection E of this section.

34 R. For the purposes of this section, "P.L. 81-874 assistance" means,
35 for the current year, an amount equal to the final determination of
36 P.L. 81-874 assistance for the fiscal year preceding the current year as
37 confirmed by the division of impact aid, United States department of
38 education or, if a final determination has not been made, the amount
39 estimated by the superintendent of public instruction as confirmed by the
40 division of impact aid, United States department of education and, for the
41 budget year, an amount equal to the determination of P.L. 81-874 assistance
42 for the fiscal year preceding the budget year as estimated by the
43 superintendent of public instruction.

1 Sec. 4. Section 15-947, Arizona Revised Statutes, is amended to read:
2 15-947. Revenue control limit; district support level; general
3 budget limit; unrestricted total capital budget
4 limit; soft capital allocation limit

5 A. The revenue control limit for a school district is equal to the sum
6 of the base revenue control limit determined in section 15-944 and the
7 transportation revenue control limit determined in section 15-946.

8 B. The district support level for a school district is equal to the
9 sum of the base support level determined in section 15-943 and the
10 transportation support level determined in section 15-945.

11 C. The general budget limit for each school district, for each fiscal
12 year, is the sum of the following:

13 1. The maintenance and operations portion of the revenue control limit
14 for the budget year.

15 2. The maintenance and operation portion of the following amounts:

16 (a) Amounts that are fully funded by revenues other than a levy of
17 taxes upon the taxable property within the school district, as listed below:

18 (i) Amounts budgeted as the budget balance carryforward as provided in
19 section 15-943.01.

20 (ii) Tuition revenues for attendance of nonresident pupils.

21 (iii) State assistance as provided in section 15-976.

22 (iv) Special education revenues as provided in section 15-825,
23 subsection D and section 15-1204.

24 (v) P.L. 81-874 assistance determined for children with disabilities,
25 children with specific learning disabilities, ~~and~~ children residing on Indian
26 lands **AND CHILDREN RESIDING WITHIN THE BOUNDARIES OF AN ACCOMMODATION SCHOOL**
27 **THAT IS LOCATED ON A MILITARY RESERVATION AND THAT IS CLASSIFIED AS A HEAVILY**
28 **IMPACTED LOCAL EDUCATIONAL AGENCY PURSUANT TO 20 UNITED STATES CODE SECTION**
29 **7703** as provided in section 15-905, subsections K and O.

30 (vi) P.L. 81-874 administrative costs as provided in section 15-905,
31 subsection P.

32 (vii) State assistance for excess tuition as provided in section
33 15-825.01.

34 (viii) Amounts received from the state board of education pursuant to
35 section 15-973.01.

36 (b) Amounts approved pursuant to an override election as provided in
37 section 15-481 for the applicable fiscal year.

38 (c) Expenditures for excess utility costs as provided in section
39 15-910.

40 (d) Amounts authorized by the county school superintendent pursuant to
41 section 15-974, subsection ~~C~~ B.

42 (e) Expenditures for complying with a court order of desegregation as
43 provided in section 15-910.

44 (f) Expenditures for the bond issues portion of the cost of tuition as
45 provided in section 15-910.

1 (g) Interest on registered warrants or tax anticipation notes as
2 provided in section 15-910.

3 (h) Amounts budgeted for a jointly owned and operated career and
4 technical education and vocational education center as provided in section
5 15-910.01.

6 ~~(i) Amount of energy reduction adjustment pursuant to section~~
7 ~~15-910.02.~~

8 3. The maintenance and operations portion of the capital outlay
9 revenue limit for the budget year.

10 4. Any other budget item that is budgeted in the maintenance and
11 operation section of the budget and that is specifically exempt from the
12 revenue control limit or the capital outlay revenue limit.

13 D. The unrestricted capital budget limit, for each school district for
14 each fiscal year, is the sum of the following:

15 1. The federal impact adjustment as determined in section 15-964 for
16 the budget year.

17 2. Any other budget item that is budgeted in the capital outlay
18 section of the budget and that is specifically exempt from the capital outlay
19 revenue limit.

20 3. The capital portion of the amounts contained in subsection
21 C, paragraph 2 of this section.

22 4. The unexpended budget balance in the unrestricted capital outlay
23 fund from the previous fiscal year.

24 5. The net interest earned in the unrestricted capital outlay fund the
25 previous fiscal year.

26 E. The soft capital allocation limit for each school district for each
27 fiscal year is the sum of the following:

28 1. The soft capital allocation for the budget year.

29 2. The unexpended budget balance in the soft capital allocation fund
30 from the previous fiscal year.

31 3. The net interest earned in the soft capital allocation fund the
32 previous fiscal year.

33 Sec. 5. Section 15-973, Arizona Revised Statutes, is amended to read:
34 15-973. Apportionment of funds; expenditure limitation

35 A. The state board of education shall apportion state aid from
36 appropriations made for such purpose to the several counties on the basis of
37 state aid entitlement for the school districts in each county. No allowance
38 shall be made for nonresident alien children nor for wards of the United
39 States for whom tuition is paid, but attendance of a student in a school of a
40 county adjoining the county of his residence outside the state under a
41 certificate of educational convenience as provided by section 15-825 shall be
42 deemed to be enrollment in the school of the county or school district of his
43 residence.

1 B. Apportionments shall be made as follows:
2 1. On July 15, one-twelfth of the total amount to be apportioned
3 during the fiscal year.
4 2. On September 15, one-twelfth of the total amount to be apportioned
5 during the fiscal year.
6 3. On October 15, one-twelfth of the total amount to be apportioned
7 during the fiscal year.
8 4. On December 15, one-twelfth of the total amount to be apportioned
9 during the fiscal year.
10 5. On January 15, one-twelfth of the total amount to be apportioned
11 during the fiscal year.
12 6. On February 15, one-twelfth of the total amount to be apportioned
13 during the fiscal year.
14 7. On March 15, one-twelfth of the total amount to be apportioned
15 during the fiscal year.
16 8. On April 15, one-sixth of the total amount to be apportioned during
17 the fiscal year.
18 9. On May 15, one-sixth of the total amount to be apportioned during
19 the fiscal year.
20 10. On June 15, one-twelfth of the total amount to be apportioned
21 during the fiscal year, except that if the total amount of monies available
22 to make the payment is less than the amount of the payment, a portion of the
23 June 15 payment may be delayed no later than June 30 to allow for the receipt
24 of income from the permanent state common school fund.
25 The superintendent of public instruction shall furnish to the county
26 treasurer and the county school superintendent an abstract of the
27 apportionment and shall certify the apportionment to the department of
28 administration, which shall draw its warrant in favor of the county treasurer
29 of each county for the amount apportioned. Upon receipt of the warrant the
30 county treasurer shall notify the county school superintendent of the amount,
31 together with any other monies standing to the credit of such school district
32 in the county school fund.
33 C. Notwithstanding ~~the provisions of~~ subsection B of this section, if
34 sufficient appropriated funds are available and on a showing by a school
35 district that additional state monies are necessary for current expenses, an
36 apportionment or part of an apportionment of state aid may be paid to the
37 school district prior to the date set for such apportionment by subsection B
38 of this section. After the first forty days in session of the current year,
39 a school district may request additional state monies to fund the increased
40 state aid due to anticipated student growth through the first one hundred
41 days or two hundred days in session, as applicable, of the current year as
42 provided in section 15-948. In no event shall a school district have
43 received more than three-fourths of its total apportionment before April 15
44 of the fiscal year. Early payments pursuant to this subsection must be
45 approved by the state treasurer, the director of the department of

1 administration and the superintendent of public instruction. ~~If the~~
2 ~~computation of state aid for an accommodation school is based on P.L. 81-874~~
3 ~~monies to be received in the current year pursuant to section 15-974,~~
4 ~~subsection A, paragraph 2, the maximum early payment to an accommodation~~
5 ~~school shall be determined using an estimate of the P.L. 81-874 monies to be~~
6 ~~received during the fiscal year.~~

7 D. Until June 30, 1999, at such time and as provided by federal law or
8 regulation, state aid shall be reduced as follows:

9 1. The superintendent of public instruction shall compute the amount
10 of monies which each school district is eligible to receive under P.L.
11 81-874, less P.L. 81-874 monies for children with disabilities, children with
12 specific learning disabilities and children residing on Indian lands which
13 are in addition to the basic assistance as provided in 20 United States Code
14 section 238(d)2(C) and (D), and for which monies have been appropriated.

15 2. The superintendent of public instruction shall deduct from state
16 aid for each school district which is eligible to receive monies under P.L.
17 81-874 and for which monies are appropriated as provided in paragraph 1 of
18 this subsection the lesser of:

19 (a) The maximum allowed by law or regulation.

20 (b) The amount computed as follows:

21 (i) For fiscal year 1982-1983, twenty-five per cent of the amount
22 computed in paragraph 1 of this subsection.

23 (ii) For fiscal year 1983-1984, fifty per cent of the amount computed
24 in paragraph 1 of this subsection.

25 (iii) For fiscal year 1984-1985, seventy-five per cent of the amount
26 computed in paragraph 1 of this subsection.

27 (iv) Beginning with fiscal year 1985-1986, ninety-five per cent of the
28 amount computed in paragraph 1 of this subsection.

29 3. The reduction in state aid shall be made from equalization
30 assistance as prescribed in section 15-971 or from additional state aid as
31 prescribed in section 15-972 during the fiscal year following the fiscal year
32 in which the monies are received. The superintendent of public instruction
33 shall make additional adjustments in state aid for allowable deductions which
34 were not made in any previous fiscal year which is not more than five years
35 earlier than the year in which the adjustments are made. The superintendent
36 of public instruction shall give the school district prior notice of the
37 intention to make the additional adjustments and may distribute the
38 adjustments over more than one year after considering the effects of the
39 adjustments on the school district.

40 E. The superintendent of public instruction shall not make application
41 to the federal government to utilize P.L. 81-874 monies in determining the
42 apportionment prescribed in this section.

43 F. If a school district which is eligible to receive monies pursuant
44 to this article is unable to meet a scheduled payment on any lawfully
45 incurred long-term obligation for debt service as provided in section

1 15-1022, the county treasurer shall use any amount distributed pursuant to
2 this section to make the payment. The county treasurer shall keep a record
3 of all the instances in which a payment is made pursuant to this subsection.
4 Any monies subsequently collected by the district to make the scheduled
5 payment shall be used to replace the amount diverted pursuant to this
6 subsection. When determining the total amount to be funded by a levy of
7 secondary taxes upon property within the school district for the following
8 fiscal year, the county board of supervisors shall add to the amounts
9 budgeted to be expended during the following fiscal year an amount equal to
10 the total of all payments pursuant to this subsection during the current
11 fiscal year which were not repaid during the current year.

12 G. The total amount of state monies that may be spent in any fiscal
13 year by the state board of education for apportionment of state aid for
14 education shall not exceed the amount appropriated or authorized by section
15 35-173 for that purpose. This section shall not be construed to impose a
16 duty on an officer, agent or employee of this state to discharge a
17 responsibility or to create any right in a person or group if the discharge
18 or right would require an expenditure of state monies in excess of the
19 expenditure authorized by legislative appropriation for that specific
20 purpose.

21 Sec. 6. Section 15-974, Arizona Revised Statutes, is amended to read:
22 15-974. Equalization assistance for education for accommodation
23 schools

24 ~~A. Equalization assistance for education for accommodation schools~~
25 ~~shall be computed as follows:~~

26 ~~1. Determine the total of the lesser of an accommodation school's~~
27 ~~revenue control limit or district support level as determined in section~~
28 ~~15-947, an accommodation school's capital outlay revenue limit as determined~~
29 ~~in section 15-961 and an accommodation school's soft capital allocation as~~
30 ~~determined in section 15-962.~~

31 ~~2. From the amount determined in paragraph 1 of this subsection~~
32 ~~subtract the monies received from P.L. 81-874 for the prior fiscal year if~~
33 ~~the amount to be received in the current fiscal year is equal to or greater~~
34 ~~than the amount received in the prior fiscal year. If the amount to be~~
35 ~~received during the current fiscal year is less than the amount received in~~
36 ~~the prior fiscal year, the subtraction shall be determined as follows:~~

37 ~~(a) Subtract the amount to be received in the current fiscal year,~~
38 ~~adjusting the final payment to reflect actual receipts during the fiscal~~
39 ~~year.~~

40 ~~(b) If additional P.L. 81-874 monies are received after the~~
41 ~~computation of the last payment of state aid but before the end of the fiscal~~
42 ~~year, the amount received late shall be subtracted from the equalization~~
43 ~~assistance for the following fiscal year, except that the total amount~~
44 ~~reduced pursuant to subdivision (a) of this paragraph and this subdivision~~
45 ~~shall not exceed the amount of P.L. 81-874 monies received in the prior year.~~

1 ~~3. Equalization assistance for an accommodation school shall be the~~
2 ~~amount determined in paragraph 2 of this subsection.~~

3 ~~B.~~ A. Equalization assistance for education for accommodation schools
4 shall be paid from appropriations for that purpose to the school districts as
5 provided in section 15-973.

6 ~~C.~~ B. When an accommodation school has a positive total cash balance
7 at the end of a fiscal year in its maintenance and operation fund, the county
8 school superintendent of the county in which the accommodation school is
9 located may authorize an addition to the accommodation school's revenue
10 control limit as provided in section 15-947, subsection A for the following
11 fiscal year. The county school superintendent may not authorize an addition
12 that exceeds the lesser of the ending cash balance less the amount budgeted
13 for the budget balance carryforward as provided in section 15-943.01 or ten
14 per cent of the revenue control limit of the accommodation school **AND FIVE**
15 **PER CENT OF THE REVENUE CONTROL LIMIT PURSUANT TO SECTION 15-482, WITHOUT THE**
16 **NECESSITY OF AN ELECTION PURSUANT TO SECTION 15-481.** If an accommodation
17 school has a cash balance in excess of the amount needed to fund the budget
18 balance carryforward, the addition authorized pursuant to this subsection and
19 the items listed in section 15-947, subsection C, paragraph 2, subdivisions
20 (c) and (f) for the following fiscal year, the remaining cash balance ~~shall~~
21 ~~MAY be used to reduce the amount of state aid for equalization assistance for~~
22 ~~education for the accommodation school as provided in section 15-971,~~
23 ~~subsection D for the following year~~ **FOR CAPITAL EXPENDITURES PURSUANT TO**
24 **SECTION 15-962, SUBSECTION F.**

25 ~~D.~~ C. ~~The provisions of~~ Subsection ~~C~~ B of this section shall not
26 apply to an accommodation school with a student count of one hundred
27 twenty-five or less in kindergarten programs and grades one through eight or
28 to an accommodation school which offers instruction in grades nine, ten,
29 eleven or twelve and which has a student count of one hundred or less in
30 grades nine through twelve.

31 ~~E. For the purpose of this section, "monies received from P.L. 81-874"~~
32 ~~means total P.L. 81-874 monies less P.L. 81-874 monies for children with~~
33 ~~disabilities, children with specific learning disabilities and children~~
34 ~~residing on Indian lands which are in addition to the basic assistance as~~
35 ~~provided in 20 United States Code section 238, subsection (d), paragraph 2,~~
36 ~~clauses (C) and (D).~~

37 Sec. 7. Retroactivity

38 Section 15-905, Arizona Revised Statutes, as amended by this act,
39 applies retroactively to from and after June 30, 2004.

40 Sec. 8. Emergency

41 This act is an emergency measure that is necessary to preserve the
42 public peace, health or safety and is operative immediately as provided by
43 law.