

CRANDALL SUBSTITUTE FLOOR AMENDMENT  
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2516

I move the following SUBSTITUTE amendment to the EDUCATION Committee Amendment to HOUSE BILL 2516 (Reference to printed bill)

1 Page 1, line 12, after the period strike remainder of line

2 Strike line 13

3 Page 3, line 1, after the period strike remainder of line

4 Strike line 2

5 Page 4, between lines 15 and 16, insert:

6 "Sec. 3. Section 15-105, Arizona Revised Statutes, is amended to read:

7 15-105. Early graduation scholarship program; fund; program

8 termination; definition

9 A. Each school district or charter school that provides instruction in  
10 grades nine through twelve in this state shall participate in and promote to  
11 students an early graduation scholarship program.

12 B. The commission for postsecondary education shall develop  
13 application forms, procedures and deadlines to implement and administer the  
14 early graduation scholarship program in conjunction with the department of  
15 education and shall select eligible students each year for participation in  
16 the early graduation scholarship program. The school district or charter  
17 school that the student attends shall notify the department of education and  
18 the commission for postsecondary education if the student graduates at least  
19 one ~~semester~~ YEAR before the student's scheduled graduation date.

20 C. Participating full-time students who graduate ~~at~~

21 ~~at~~ at least one year early shall receive a scholarship grant in an  
22 amount not to exceed one thousand two hundred fifty dollars or the actual  
23 cost of tuition, books and fees, whichever is less, in the first academic  
24 year of postsecondary instruction, and an amount not to exceed seven hundred  
25 fifty dollars or the actual cost of tuition, books and fees, whichever is  
26 less, in the second academic year of postsecondary instruction, to be used to

1 pay all or a portion of the tuition, books and fees charged at a qualifying  
2 postsecondary institution for a maximum of two academic years, which must be  
3 completed within thirty-six months after the student's actual graduation date  
4 from high school. The amount of a scholarship grant awarded to a  
5 participating part-time student enrolled at least half-time for the academic  
6 year as defined in 20 United States Code section 1088 shall be prorated in  
7 accordance with the part-time status of the student.

8 ~~2. One semester early shall receive a scholarship grant in an amount~~  
9 ~~not to exceed one thousand dollars or the actual cost of tuition, books and~~  
10 ~~fees, whichever is less, in the first academic year of postsecondary~~  
11 ~~instruction, and an amount not to exceed five hundred dollars or the actual~~  
12 ~~cost of tuition, books and fees, whichever is less, in the second academic~~  
13 ~~year of postsecondary instruction, to be used to pay all or a portion of the~~  
14 ~~tuition, books and fees charged at a qualifying postsecondary institution for~~  
15 ~~a maximum of two academic years, which must be completed within thirty-six~~  
16 ~~months after the student's actual graduation date from high school. The~~  
17 ~~amount of a scholarship grant awarded to a participating part-time student~~  
18 ~~enrolled at least half-time for the academic year as defined in 20 United~~  
19 ~~States Code section 1088 shall be prorated in accordance with the part time~~  
20 ~~status of the student.~~

21 D. A student who provides satisfactory proof to the commission for  
22 postsecondary education that the student has met all of the following  
23 criteria is eligible to submit an application for consideration for a  
24 scholarship grant under the early graduation scholarship program:

25 1. The student has graduated from a charter school or a public high  
26 school that is part of a school district in this state at least one ~~semester~~  
27 ~~YEAR~~ earlier than the student's class is scheduled to graduate.

28 2. The student has achieved a passing score on each component of the  
29 Arizona instrument to measure standards test that is required for graduation  
30 from high school.

31 3. The student is currently a resident of this state and has been a  
32 resident of this state for at least the past twelve months.

33 4. The student has completed and submitted a free application for  
34 federal student aid.

35 E. The school district or charter school from which the student  
36 graduated shall include the student who graduates early in the school  
37 district's or charter school's student count until the student's class is

1 scheduled to graduate and shall continue to receive per pupil funding minus  
2 two thousand two hundred dollars for a student who graduates at least one  
3 year early ~~or one thousand seven hundred dollars for a student who graduates~~  
4 ~~one semester early, whichever is applicable,~~ until the student's class is  
5 scheduled to graduate. The school district or charter school shall place the  
6 per pupil funding received in the school district's or charter school's  
7 maintenance and operations fund.

8 F. The department of education shall transmit both of the following to  
9 the commission for postsecondary education:

10 1. A list of early graduates with their identifying information,  
11 cohort graduation date, early graduation date and high school of graduation.

12 2. Two thousand two hundred dollars ~~for a student who graduates at~~  
13 ~~least one year early or one thousand seven hundred dollars for a student who~~  
14 ~~graduates one semester early, whichever is applicable,~~ of the amount of per  
15 pupil funding provided to a school district or charter school for a student  
16 who graduates at least one ~~semester~~ YEAR early for deposit in the early  
17 graduation scholarship fund established by this section.

18 G. The commission for postsecondary education shall make awards from  
19 the early graduation scholarship fund for payment of tuition, books and fees  
20 at qualifying postsecondary institutions to students who are selected to  
21 participate in the early graduation scholarship program on verification of  
22 admission, enrollment and certification of the cost of each student's tuition  
23 and fees by the qualifying postsecondary institutions.

24 H. If the amount of monies available for scholarship grants in any  
25 fiscal year is insufficient to provide scholarship grants to all eligible  
26 applicants, the commission for postsecondary education shall award  
27 scholarship grants to eligible students in the order in which the  
28 applications were received by the commission, except that priority shall be  
29 given to eligible students who received a scholarship grant in the previous  
30 fiscal year and who are still in good academic standing at the same  
31 qualifying postsecondary institution or who transferred to a different  
32 qualifying postsecondary institution but remain in good academic standing at  
33 the previous qualifying postsecondary institution. The commission for  
34 postsecondary education shall maintain a waiting list for all other  
35 applicants.

36 I. A qualifying postsecondary institution shall notify the commission  
37 for postsecondary education if a student who has received a scholarship grant

1 is no longer in good academic standing at the qualifying postsecondary  
2 institution or is no longer enrolled at the qualifying postsecondary  
3 institution.

4 J. The student or the qualifying postsecondary institution shall  
5 reimburse the early graduation scholarship fund for any unused scholarship  
6 grant funds received pursuant to subsection C of this section if the student  
7 does not complete the academic year as defined in 20 United States Code  
8 section 1088. A student shall complete the first year in good academic  
9 standing from a qualifying postsecondary institution before receiving monies  
10 for the second year from the early graduation scholarship fund.

11 K. A student who receives an early graduation scholarship grant shall  
12 be allowed, at no additional cost except for fees charged to all students, to  
13 both:

14 1. Participate in extracurricular activities until the student's high  
15 school class is scheduled to graduate.

16 2. Participate in the student's high school class graduation  
17 ceremonies.

18 L. The early graduation scholarship fund is established consisting of  
19 monies deposited pursuant to subsection F of this section and all repayments  
20 that are received pursuant to subsection J of this section. The commission  
21 for postsecondary education shall administer the fund. Monies in the fund  
22 are continuously appropriated and are exempt from the provisions of section  
23 35-190 relating to lapsing of appropriations. On notice from the commission,  
24 the state treasurer shall invest and divest monies in the fund as provided by  
25 section 35-313, and monies earned from the investment shall be credited to  
26 the fund. The commission may retain up to five per cent of the monies in the  
27 fund for administrative costs. The commission may hire up to two full-time  
28 equivalent positions for the implementation and administration of the early  
29 graduation scholarship program.

30 M. The commission for postsecondary education shall submit an annual  
31 report by December 1 to the governor, the president of the senate and the  
32 speaker of the house of representatives and a copy of the report shall be  
33 submitted to the secretary of state and the director of the Arizona state  
34 library, archives and public records. The report shall contain at least the  
35 following:

36 1. The number of students who graduated at least one year early ~~and~~  
37 ~~the number of students who graduated at least one semester early~~ for each

1 year of implementation of the program by each school district and charter  
2 school.

3 2. The number of scholarships provided pursuant to this section.

4 3. The average amount per scholarship provided pursuant to this  
5 section.

6 4. The balance in the early graduation scholarship fund.

7 5. The number of students using a scholarship to attend a regionally  
8 or nationally accredited public or private postsecondary institution and the  
9 number of students using a scholarship to attend a regionally or nationally  
10 accredited vocational program.

11 6. A description of how the commission expended monies for  
12 administrative costs of the program pursuant to subsection L of this section.

13 N. The program established by this section ends on July 1, 2017  
14 pursuant to section 41-3102.

15 O. For the purposes of this section, "qualifying postsecondary  
16 institution" means a regionally or nationally accredited public or private  
17 postsecondary educational institution in this state or a regionally or  
18 nationally accredited vocational program in this state.

19 Sec. 4. Section 15-203, Arizona Revised Statutes, is amended to read:

20 15-203. Powers and duties

21 A. The state board of education shall:

22 1. Exercise general supervision over and regulate the conduct of the  
23 public school system and adopt any rules and policies it deems necessary to  
24 accomplish this purpose.

25 2. Keep a record of its proceedings.

26 3. Make rules for its own government.

27 4. Determine the policy and work undertaken by it.

28 5. Appoint its employees, on the recommendation of the superintendent  
29 of public instruction.

30 6. Prescribe the duties of its employees if not prescribed by statute.

31 7. Delegate to the superintendent of public instruction the execution  
32 of board policies and rules.

33 8. Recommend to the legislature changes or additions to the statutes  
34 pertaining to schools.

35 9. Prepare, publish and distribute reports concerning the educational  
36 welfare of this state.

1           10. Prepare a budget for expenditures necessary for proper maintenance  
2 of the board and accomplishment of its purposes and present the budget to the  
3 legislature.

4           11. Aid in the enforcement of laws relating to schools.

5           12. Prescribe a minimum course of study in the common schools, minimum  
6 competency requirements for the promotion of pupils from the third grade and  
7 minimum course of study and competency requirements for the promotion of  
8 pupils from the eighth grade. The state board of education shall prepare a  
9 fiscal impact statement of any proposed changes to the minimum course of  
10 study or competency requirements and, on completion, shall send a copy to the  
11 director of the joint legislative budget committee and the executive director  
12 of the school facilities board. The state board of education shall not adopt  
13 any changes in the minimum course of study or competency requirements in  
14 effect on July 1, 1998 that will have a fiscal impact on school capital  
15 costs.

16           13. Prescribe minimum course of study and competency requirements for  
17 the graduation of pupils from high school. The state board of education  
18 shall prepare a fiscal impact statement of any proposed changes to the  
19 minimum course of study or competency requirements and, on completion, shall  
20 send a copy to the director of the joint legislative budget committee and the  
21 executive director of the school facilities board. The state board of  
22 education shall not adopt any changes in the minimum course of study or  
23 competency requirements in effect on July 1, 1998 that will have a fiscal  
24 impact on school capital costs.

25           14. Supervise and control the certification of persons engaged in  
26 instructional work directly as any classroom, laboratory or other teacher or  
27 indirectly as a supervisory teacher, speech therapist, principal or  
28 superintendent in a school district, including school district preschool  
29 programs, or any other educational institution below the community college,  
30 college or university level, and prescribe rules for certification, including  
31 rules for certification of teachers who have teaching experience and who are  
32 trained in other states, which are not unnecessarily restrictive and are  
33 substantially similar to the rules prescribed for the certification of  
34 teachers trained in this state. The rules shall require applicants for all  
35 certificates for common school instruction to complete a minimum of  
36 forty-five classroom hours or three college level credit hours, or the  
37 equivalent, of training in research based systematic phonics instruction from

1 a public or private provider. The rules shall not require a teacher to  
2 obtain a master's degree or to take any additional graduate courses as a  
3 condition of certification or recertification. The rules shall allow a  
4 general equivalency diploma to be substituted for a high school diploma in  
5 the certification of emergency substitute teachers.

6 15. Adopt a list of approved tests for determining special education  
7 assistance to gifted pupils as defined in and as provided in chapter 7,  
8 article 4.1 of this title. The adopted tests shall provide separate scores  
9 for quantitative reasoning, verbal reasoning and nonverbal reasoning and  
10 shall be capable of providing reliable and valid scores at the highest ranges  
11 of the score distribution.

12 16. Adopt rules governing the methods for the administration of all  
13 proficiency examinations.

14 17. Adopt proficiency examinations for its use. The state board of  
15 education shall determine the passing score for the proficiency examination.

16 18. Include within its budget the cost of contracting for the purchase,  
17 distribution and scoring of the examinations as provided in paragraphs 16 and  
18 17 of this subsection.

19 19. Supervise and control the qualifications of professional  
20 nonteaching school personnel and prescribe standards relating to  
21 qualifications.

22 20. Impose such disciplinary action, including the issuance of a letter  
23 of censure, suspension, suspension with conditions or revocation of a  
24 certificate, upon a finding of immoral or unprofessional conduct.

25 21. Establish an assessment, data gathering and reporting system for  
26 pupil performance as prescribed in chapter 7, article 3 of this title.

27 22. Adopt a rule to promote braille literacy pursuant to section  
28 15-214.

29 23. Adopt rules prescribing procedures for the investigation by the  
30 department of education of every written complaint alleging that a  
31 certificated person has engaged in immoral conduct.

32 24. For purposes of federal law, serve as the state board for  
33 vocational and technological education and meet at least four times each year  
34 solely to execute the powers and duties of the state board for vocational and  
35 technological education.

36 25. Develop and maintain a handbook for use in the schools of this  
37 state that provides guidance for the teaching of moral, civic and ethical

1 education. The handbook shall promote existing curriculum frameworks and  
2 shall encourage school districts to recognize moral, civic and ethical values  
3 within instructional and programmatic educational development programs for  
4 the general purpose of instilling character and ethical principles in pupils  
5 in kindergarten programs and grades one through twelve.

6 26. Require pupils to recite the following passage from the declaration  
7 of independence for pupils in grades four through six at the commencement of  
8 the first class of the day in the schools, except that a pupil shall not be  
9 required to participate if the pupil or the pupil's parent or guardian  
10 objects:

11 We hold these truths to be self-evident, that all men are  
12 created equal, that they are endowed by their creator with  
13 certain unalienable rights, that among these are life, liberty  
14 and the pursuit of happiness. That to secure these rights,  
15 governments are instituted among men, deriving their just powers  
16 from the consent of the governed. . . .

17 27. Adopt rules that provide for teacher certification reciprocity.  
18 The rules shall provide for a one year reciprocal teaching certificate with  
19 minimum requirements including valid teacher certification from a state with  
20 substantially similar criminal history or teacher fingerprinting requirements  
21 and proof of the submission of an application for a fingerprint clearance  
22 card pursuant to title 41, chapter 12, article 3.1.

23 28. Adopt rules that will be in effect until December 31, 2006 and that  
24 provide for the presentation of an honorary high school diploma to a person  
25 who has never obtained a high school diploma and who meets each of the  
26 following requirements:

27 (a) Is at least sixty-five years of age.

28 (b) Currently resides in this state.

29 (c) Provides documented evidence from the Arizona department of  
30 veterans' services that the person enlisted in the armed forces of the United  
31 States before completing high school in a public or private school.

32 (d) Was honorably discharged from service with the armed forces of the  
33 United States.

34 29. Cooperate with the Arizona-Mexico commission in the governor's  
35 office and with researchers at universities in this state to collect data and  
36 conduct projects in the United States and Mexico on issues that are within  
37 the scope of the duties of the department of education and that relate to



1 quality of life, trade and economic development in this state in a manner  
2 that will help the Arizona-Mexico commission to assess and enhance the  
3 economic competitiveness of this state and of the Arizona-Mexico region.

4 30. Adopt rules to define and provide guidance to schools as to the  
5 activities that would constitute immoral or unprofessional conduct of  
6 certificated persons.

7 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven  
8 and twelve to volunteer for twenty hours of community service before  
9 graduation from high school. A school district that complies with the  
10 guidelines adopted pursuant to this paragraph is not liable for damages  
11 resulting from a pupil's participation in community service unless the school  
12 district is found to have demonstrated wanton or reckless disregard for the  
13 safety of the pupil and other participants in community service. For the  
14 purposes of this paragraph, "community service" may include service  
15 learning. The guidelines shall include the following:

16 (a) A list of the general categories in which community service may be  
17 performed.

18 (b) A description of the methods by which community service will be  
19 monitored.

20 (c) A consideration of risk assessment for community service projects.

21 (d) Orientation and notification procedures of community service  
22 opportunities for pupils entering grade nine, including the development of a  
23 notification form. The notification form shall be signed by the pupil and  
24 the pupil's parent or guardian, except that a pupil shall not be required to  
25 participate in community service if the parent or guardian notifies the  
26 principal of the pupil's school in writing that the parent or guardian does  
27 not wish the pupil to participate in community service.

28 (e) Procedures for a pupil in grade nine to prepare a written proposal  
29 that outlines the type of community service that the pupil would like to  
30 perform and the goals that the pupil hopes to achieve as a result of  
31 community service. The pupil's written proposal shall be reviewed by a  
32 faculty advisor, a guidance counselor or any other school employee who is  
33 designated as the community service program coordinator for that school. The  
34 pupil may alter the written proposal at any time before performing community  
35 service.

1 (f) Procedures for a faculty advisor, a guidance counselor or any  
2 other school employee who is designated as the community service program  
3 coordinator to evaluate and certify the completion of community service  
4 performed by pupils.

5 32. To facilitate the transfer of military personnel and their  
6 dependents to and from the public schools of this state, pursue, in  
7 cooperation with the Arizona board of regents, reciprocity agreements with  
8 other states concerning the transfer credits for military personnel and their  
9 dependents. A reciprocity agreement entered into pursuant to this paragraph  
10 shall:

11 (a) Address procedures for each of the following:

12 (i) The transfer of student records.

13 (ii) Awarding credit for completed course work.

14 (iii) Permitting a student to satisfy the graduation requirements  
15 prescribed in section 15-701.01 through the successful performance on  
16 comparable exit-level assessment instruments administered in another state.

17 (b) Include appropriate criteria developed by the state board of  
18 education and the Arizona board of regents.

19 33. Adopt guidelines that school district governing boards shall use in  
20 identifying pupils who are eligible for gifted programs and in providing  
21 gifted education programs and services. The state board of education shall  
22 adopt any other guidelines and rules that it deems necessary in order to  
23 carry out the purposes of chapter 7, article 4.1 of this title.

24 34. For each of the alternative textbook formats of human-voiced audio,  
25 large-print and braille, designate alternative media producers to adapt  
26 existing standard print textbooks or to provide specialized textbooks, or  
27 both, for pupils with disabilities in this state. Each alternative media  
28 producer shall be capable of producing alternative textbooks in all relevant  
29 subjects in at least one of the alternative textbook formats. The board  
30 shall post the designated list of alternative media producers on its website.

31 35. Adopt a list of approved professional development training  
32 providers for use by school districts as provided in section 15-107,  
33 subsection J. The professional development training providers shall meet the  
34 training curriculum requirements determined by the state board of education  
35 in at least the areas of school finance, governance, employment, staffing,  
36 inventory and human resources, internal controls and procurement.

1           36. Adopt rules to prohibit a person who violates the notification  
2 requirements prescribed in section 15-183, subsection C, paragraph 6 or  
3 section 15-550, subsection C from certification pursuant to this title until  
4 the person is no longer charged or is acquitted of any offenses listed in  
5 section 41-1758.03, subsection B. The board shall also adopt rules to  
6 prohibit a person who violates the notification requirements, certification  
7 surrender requirements or fingerprint clearance card surrender requirements  
8 prescribed in section 15-183, subsection C, paragraph 7 or section 15-550,  
9 subsection D from certification pursuant to this title for at least ten years  
10 after the date of the violation.

11           37. ADOPT RULES FOR THE ALTERNATIVE CERTIFICATION OF TEACHERS OF  
12 NONTRADITIONAL FOREIGN LANGUAGES THAT ALLOW FOR THE PASSING OF A NATIONALLY  
13 ACCREDITED TEST TO SUBSTITUTE FOR THE EDUCATION COURSEWORK REQUIRED FOR  
14 CERTIFICATION.

15           B. The state board of education may:

16           1. Contract.

17           2. Sue and be sued.

18           3. Distribute and score the tests prescribed in chapter 7, article 3  
19 of this title.

20           4. Provide for an advisory committee to conduct hearings and  
21 screenings to determine whether grounds exist to impose disciplinary action  
22 against a certificated person, whether grounds exist to reinstate a revoked  
23 or surrendered certificate and whether grounds exist to approve or deny an  
24 initial application for certification or a request for renewal of a  
25 certificate. The board may delegate its responsibility to conduct hearings  
26 and screenings to its advisory committee. Hearings shall be conducted  
27 pursuant to title 41, chapter 6, article 6.

28           5. Proceed with the disposal of any complaint requesting disciplinary  
29 action or with any disciplinary action against a person holding a certificate  
30 as prescribed in subsection A, paragraph 14 of this section after the  
31 suspension or expiration of the certificate or surrender of the certificate  
32 by the holder.

33           6. Assess costs and reasonable attorney fees against a person who  
34 files a frivolous complaint or who files a complaint in bad faith. Costs  
35 assessed pursuant to this paragraph shall not exceed the expenses incurred by  
36 the state board in the investigation of the complaint."

37           Renumber to conform

1 Page 4, line 36, after the period insert "THE RULES SHALL INCLUDE PROVISIONS  
2 SPECIFYING THAT SCHOOL DISTRICTS ARE NOT REQUIRED TO ENGAGE IN COMPETITIVE  
3 BIDDING IN ORDER TO PLACE A PUPIL IN A PRIVATE SCHOOL THAT PROVIDES SPECIAL  
4 EDUCATION SERVICES IF SUCH PLACEMENT IS PRESCRIBED IN THE PUPIL'S  
5 INDIVIDUALIZED EDUCATION PROGRAM AND THE PRIVATE SCHOOL HAS BEEN APPROVED BY  
6 THE DEPARTMENT OF EDUCATION DIVISION OF SPECIAL EDUCATION PURSUANT TO SECTION  
7 15-765, SUBSECTION D."

8 Page 11, strike lines 32, 33 and 34, insert:

9 "~~31-~~ 29. ~~Secure~~ ENSURE THAT insurance coverage IS SECURED for all  
10 construction projects for purposes of general liability, property damage and  
11 workers' compensation and secure performance and payment bonds for all  
12 construction projects."

13 Renumber to conform

14 Page 14, strike lines 44 and 45

15 Page 15, strike lines 1 through 9, insert:

16 "D. The governing board may not locate a school on property that is  
17 less than one-fourth mile from agricultural land regulated pursuant to  
18 section 3-365, except that the owner of the agricultural land may agree to  
19 comply with the buffer zone requirements of section 3-365. If the owner  
20 agrees in writing to comply with the buffer zone requirements and records the  
21 agreement in the office of the county recorder as a restrictive covenant  
22 running with the title to the land, the school district may locate a school  
23 within the affected buffer zone. The agreement may include any stipulations  
24 regarding the school, including conditions for future expansion of the school  
25 and changes in the operational status of the school that will result in a  
26 breach of the agreement."

27 Reletter to conform

28 Line 41, strike "~~G~~ F" insert "G"

29 Page 17, line 44, strike "~~G~~ F" insert "G"

30 Page 26, between lines 4 and 5, insert:

31 "Sec. 9. Section 15-541, Arizona Revised Statutes, is amended to read:  
32 15-541. Hearing on dismissal

33 A. The governing board shall decide whether to hold a hearing on the  
34 dismissal or suspension without pay for a period of time longer than ten days  
35 of a certificated teacher as provided in this article. If the governing  
36 board decides not to hold a hearing, the governing board shall designate a  
37 hearing officer to hold the hearing, hear the evidence, prepare a record and

1 issue a recommendation to the governing board for action. The governing  
2 board may provide by policy or vote at its annual organizational meeting that  
3 all hearings conducted pursuant to this section ~~will~~ SHALL be conducted  
4 before a hearing officer. The hearing officer ~~will~~ SHALL be mutually agreed  
5 upon by the parties to the hearing. If the parties cannot mutually agree on  
6 a hearing officer, a hearing officer ~~will~~ SHALL be selected by the governing  
7 board from a list provided by the department of education or the American  
8 arbitration association. The hearing shall be held not less than ~~ten~~ FIFTEEN  
9 nor more than ~~twenty-five~~ THIRTY days after the request is filed unless all  
10 parties to the hearing mutually agree to a different hearing date, and notice  
11 of the time and place of the hearing shall be given to the teacher not less  
12 than three days before the date of the hearing. The teacher may request that  
13 the hearing be conducted in public or private. At the hearing the teacher  
14 may appear in person and by counsel, if desired, and may present any  
15 testimony, evidence or statements, either oral or in writing, in the  
16 teacher's behalf. The governing board or the hearing officer shall prepare  
17 an official record of the hearing, including all testimony recorded manually  
18 or by mechanical device, and exhibits. The teacher who is the subject of the  
19 hearing may not request that the testimony be transcribed unless the teacher  
20 agrees in writing to pay the actual cost of the transcription. Within ten  
21 days after a hearing conducted by the governing board, the board shall  
22 determine whether there existed good and just cause for the notice of  
23 dismissal or suspension and shall render its decision accordingly, either  
24 affirming or withdrawing the notice of dismissal or suspension. Within ten  
25 days after a hearing conducted by a hearing officer, the hearing officer  
26 shall deliver a written recommendation to the governing board that includes  
27 findings of fact and conclusions. Parties to the hearing have the right to  
28 object to the findings of the hearing officer and present oral and written  
29 arguments to the governing board.

30 B. A hearing held pursuant to this section may not be conducted by any  
31 hearing officer having a personal interest which would conflict with ~~his or~~  
32 ~~her~~ THE HEARING OFFICER'S objectivity in the hearing. The governing board  
33 has an additional ten days to determine whether good and just cause existed  
34 for the notice of dismissal or suspension and shall render its decision  
35 accordingly, either affirming or withdrawing the notice of suspension or  
36 dismissal. Good and just cause does not include religious or political

1 beliefs or affiliations unless they are in violation of the oath of the  
2 teacher."

3 Renumber to conform

4 Page 26, line 37, strike "30" insert "31"

5 Page 28, between lines 6 and 7, insert:

6 "Sec. 11. Section 15-765, Arizona Revised Statutes, is amended to  
7 read:

8 15-765. Special education in rehabilitation, corrective or other  
9 state and county supported institutions, facilities or  
10 homes

11 A. For the purposes of this section and section 15-764, children with  
12 disabilities who are being provided with special education in rehabilitation,  
13 corrective or other state and county supported institutions or facilities are  
14 the responsibility of that institution or facility, including children with  
15 disabilities who are not enrolled in a residential program and who are being  
16 furnished with daily transportation. Special education programs at the  
17 institution or facility shall conform to the conditions and standards  
18 prescribed by the director of the division of special education.

19 B. Notwithstanding ~~the provisions of~~ subsection A of this section, the  
20 department of economic security or the department of health services may  
21 request on behalf of a school-age child with a disability residing in a  
22 residential facility or foster home operated or supported by the department  
23 of economic security or the department of health services that the school  
24 district in which the facility or home is located enroll the school-age child  
25 in the district, subject to section 15-825. The school district, ~~shall, upon~~  
26 **ON** the request by the department of economic security or the department of  
27 health services, **SHALL** enroll the child and provide any necessary special  
28 education and related services, subject to section 15-766. A school district  
29 in which a child with a disability is enrolled shall coordinate the  
30 development of an individualized education program with the development of an  
31 individual program or treatment plan. The provision of special education and  
32 related services to a child with a disability may be subject to ~~the~~  
33 ~~provisions of~~ subsection D of this section.

34 C. Before any placement is made in facilities described in this  
35 section, the school district of residence shall ~~insure~~ **ENSURE** that a full  
36 continuum of alternative placements is available to meet the needs of  
37 children with disabilities and that the proposed placement is the least

1 restrictive environment in which appropriate education services can be  
2 provided to the child.

3 D. A school district or county school superintendent may contract  
4 with, and make payments to, other public or private schools, institutions and  
5 agencies approved by the division of special education, within or without the  
6 school district or county, for the education of and provision of services to  
7 children with disabilities if ~~the provisions of~~ section 15-766 and the  
8 conditions and standards prescribed by the division of special education have  
9 been met and if unable to provide satisfactory education and services through  
10 its own facilities and personnel in accordance with the rules prescribed by  
11 the state board of education AS PROVIDED IN SECTION 15-213. No school  
12 district may contract or make payments under the authority of this section or  
13 section 15-764 or any other provisions of law for the residential or  
14 educational costs of placement of children with disabilities in an approved  
15 private special education school, institution or agency unless the children  
16 are evaluated and placed by a school district. The following special  
17 provisions apply in order to qualify for the group B ED-P weight:

18 1. If the child is placed in a private special education program, the  
19 chief administrative official of the school district or county or other  
20 person designated by the school district or county as responsible for special  
21 education shall verify that the pupil is diagnosed with an emotional  
22 disability as defined in section 15-761, that no appropriate program exists  
23 within the school district or county, as applicable, and that no program can  
24 feasibly be instituted by the school district or county, as applicable.

25 2. If the child is placed in a special program that provides intensive  
26 services within a school district, the chief administrative official of the  
27 school district or county or other person as designated by the school  
28 district or county as responsible for special education shall verify that the  
29 pupil placed in such a program is diagnosed with an emotional disability as  
30 defined in section 15-761 and that appropriate services cannot be provided in  
31 traditional resource and self-contained special education classes.

32 E. When a state placing agency initially places a pupil in a private  
33 residential facility, the home school district must conduct an evaluation  
34 pursuant to section 15-766 or review the educational placement of a pupil who  
35 has previously been determined eligible for special education services. The  
36 school district shall notify the appropriate state placing agency when a  
37 child requires an evaluation for possible receipt of services provided by

1 that agency or a residential special education placement. The school  
2 district and the state agency shall jointly evaluate the child, including  
3 consideration of relevant information from additional sources, including  
4 probation or parole officers, caseworkers, guardians ad litem and court  
5 appointed special advocates.

6 F. If the child is not eligible for special education or does not  
7 require residential special education placement, sections 15-1182 and 15-1183  
8 apply.

9 G. If the individualized education program team determines that a  
10 residential special education placement is the least restrictive environment  
11 in which an appropriate educational program can be provided, the home school  
12 district shall submit the following documentation to the department of  
13 education:

14 1. A residential special education voucher application signed by  
15 designated representatives of the state placing agency, as defined in section  
16 15-1181, and the home school district, respectively.

17 2. The educational reasons for recommending the residential special  
18 education placement, including an evaluation or addendum to the evaluation  
19 that describes the instructional and behavioral interventions that were  
20 previously attempted and the educational reasons for recommending the  
21 residential special education placement, including documentation that the  
22 nature or severity of the disability is such that education in a less  
23 restrictive environment is not appropriate.

24 3. Exit criteria as required in subsection K of this section.

25 4. That prior written notice for a change in the child's placement was  
26 provided.

27 H. If a residential special education placement is required by the  
28 child's individualized education program, the educational component of the  
29 residential facility shall be one that is approved by the department of  
30 education for the specific special education services required.

31 I. The residential component of the facility in which the residential  
32 special education placement is made shall be licensed by the department of  
33 economic security or the department of health services, whichever is  
34 appropriate.

35 J. Following and in accordance with the consensus decision of the  
36 individualized education program team as prescribed in section 15-766, a  
37 residential special education placement shall be made by the school district



1 and the appropriate state agency. The individualized education program team  
2 shall determine whether a residential special education placement is  
3 necessary. The state placing agency shall consider the recommendations of  
4 the individualized education program team in selecting the specific  
5 residential facility. The department of education shall enter into  
6 interagency services agreements with the department of economic security or  
7 the department of health services to establish a mechanism for resolving  
8 disputes if the school district and the department of economic security or  
9 the department of health services cannot mutually agree on the specific  
10 residential placement to be made. Dispute resolution procedures may not be  
11 used to deny or delay residential special education placement.

12 K. The individualized education program for any child who requires  
13 residential special education placement must include exit criteria that  
14 indicate when the educational placement of the child shall be reviewed to  
15 determine whether the child can be moved to a less restrictive placement.

16 L. All noneducational and nonmedical costs incurred by the placement  
17 of a child with a disability in a private or public school program and  
18 concurrent out-of-home care program shall be paid by the department of  
19 economic security for those children eligible to receive services through the  
20 division of developmental disabilities or the administration for children,  
21 youth and families of the department of economic security and by the  
22 department of health services for those children eligible to receive services  
23 through the division of behavioral health in the department of health  
24 services or children's rehabilitation services. Nothing in this section is  
25 intended to prevent or limit the department of health services and the  
26 department of economic security from joint case management of any child who  
27 qualifies for services from both agencies or from sharing the noneducational  
28 costs of providing those services. The educational costs incurred by the  
29 placement of a child with a disability in an out-of-home care facility shall  
30 be paid as follows:

31 1. Through a residential special education placement voucher as  
32 provided in section 15-1184 if the child is determined to require a  
33 residential special education placement as defined in section 15-761.

34 2. Through an initial or continuing residential education voucher if a  
35 child is placed in a private residential facility by a state placing agency,  
36 as defined in section 15-1181, for care, treatment and safety reasons and the  
37 child needs educational services while in that placement.

1           3. Through a certificate of educational convenience if the child is  
2 attending a public school not within the child's school district of residence  
3 as provided in section 15-825.

4           4. By the home school district, pursuant to a contract with a public  
5 or private school as provided in subsection D of this section, if the home  
6 school district is unable to provide satisfactory education and services  
7 through its own facilities and personnel.

8           M. The department of economic security or the department of health  
9 services, whichever is appropriate, shall determine if the child placed for  
10 purposes of special education in a private or public school and concurrent  
11 out-of-home care is covered by an insurance policy ~~which~~ THAT provides for  
12 inpatient or outpatient child or adolescent psychiatric treatment. The  
13 appropriate state agency may only pay charges for treatment costs that are  
14 not covered by an insurance policy. Notwithstanding any other law, the  
15 appropriate state agency may pay for placement costs of the child before the  
16 verification of applicable insurance coverage. On the depletion of insurance  
17 benefits, the appropriate state agency shall resume payment for all  
18 noneducational and nonmedical costs incurred in the treatment of the child.  
19 The appropriate state agency may request the child's family to contribute a  
20 voluntary amount toward the noneducational and nonmedical costs incurred as a  
21 result of residential placement of the child. The amount ~~which~~ THAT the  
22 appropriate state agency requests the child's family to contribute shall be  
23 based on guidelines in the rules of the appropriate state agency governing  
24 the determination of contributions by parents and estates. Nothing in this  
25 subsection shall be construed to require parents to incur any costs for  
26 required special education and related services or shall be construed to  
27 result in a reduction in lifetime insurance benefits available for a child  
28 with a disability.

29           N. If appropriate services are offered by the school district and the  
30 parent or the child chooses for the child to attend a private facility,  
31 either for day care or for twenty-four hour care, neither the school district  
32 nor the respective agency is obligated to assume the cost of the private  
33 facility. If residential twenty-four hour care is necessitated by factors  
34 such as the child's home condition and is not related to the special  
35 educational needs of the child, the agency responsible for the care of the  
36 child is not required to pay any additional costs of room and board and  
37 nonmedical expenses pursuant to this section."

1 Renumber to conform

2 Page 30, between lines 24 and 25, insert:

3 "Sec. 13. Section 15-905, Arizona Revised Statutes, is amended to  
4 read:

5 15-905. School district budgets; notice; adoption; aggregate  
6 budget limit; summary; adjustments; definition

7 A. Not later than July 5 of each year or no later than the publication  
8 of notice of the public hearing and board meeting as required by this  
9 section, the governing board of each school district shall prepare and  
10 furnish to the superintendent of public instruction and the county school  
11 superintendent, unless waived by the county school superintendent, a proposed  
12 budget in electronic format for the budget year, which shall contain the  
13 information and be in the form as provided by the department of education.  
14 The proposed budget shall include the following:

15 1. The total amount of revenues from all sources that was necessary to  
16 meet the school district's budget for the current year.

17 2. The total amount of revenues by source that will be necessary to  
18 meet the proposed budget of the school district, excluding property taxes.  
19 The governing board shall prepare the proposed budget and a summary of the  
20 proposed budget. Both documents shall be kept on file at the school district  
21 office and shall be made available to the public upon request. The auditor  
22 general in conjunction with the department of education shall prescribe the  
23 form of the summary of the proposed budget for use by governing boards.  
24 School district governing boards may include in the proposed budget any items  
25 or amounts which are authorized by legislation filed with the secretary of  
26 state and which will become effective during the budget year. If subsequent  
27 events prevent the legislation from becoming effective, school district  
28 governing boards must reduce their budgets by the amounts budgeted pursuant  
29 to the legislation which did not become effective.

30 B. The governing board of each school district shall prepare a notice  
31 fixing a time not later than July 15 and designating a public place within  
32 each school district at which a public hearing and board meeting shall be  
33 held. The governing board shall present the proposed budget for  
34 consideration of the residents and the taxpayers of the school district at  
35 such hearing and meeting.

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

24 D. At the time and place fixed in the notice, the governing board  
25 shall hold the public hearing and present the proposed budget to the persons  
26 attending the hearing. Upon request of any person, the governing board shall  
27 explain the budget, and any resident or taxpayer of the school district may  
28 protest the inclusion of any item. A governing board member who has a  
29 substantial interest, as defined in section 38-502, in a specific item in the  
30 school district budget shall refrain from voting on the specific item. A  
31 governing board member may PARTICIPATE without creating a conflict of  
32 interest ~~participate~~ in adoption of a final budget even though the member may  
33 have substantial interest in specific items included in the budget.

34 E. Immediately following the public hearing the president shall call  
35 to order the governing board meeting for the purpose of adopting the budget.  
36 The governing board shall adopt the budget, which shall not exceed the  
37 general budget limit, the unrestricted capital budget limit or the soft

1 capital allocation limit, making such deductions as it sees fit but making no  
2 additions to the proposed budget total for maintenance and operations or  
3 capital outlay, and shall enter the budget as adopted in its minutes. Not  
4 later than July 18, the budget as finally adopted shall be filed by the  
5 governing board with the county school superintendent who shall immediately  
6 transmit a copy to the board of supervisors. Not later than July 18, the  
7 budget as finally adopted shall be submitted electronically to the  
8 superintendent of public instruction. On or before October 30, the  
9 superintendent of public instruction shall review the budget and notify the  
10 governing board if the budget is in excess of the general budget limit, the  
11 unrestricted capital budget limit or the soft capital allocation limit. ~~If~~  
12 ~~the governing board receives notification that the budget is in excess of the~~  
13 ~~general budget limit, the unrestricted capital budget limit or the soft~~  
14 ~~capital allocation limit by fewer than one thousand dollars, the governing~~  
15 ~~board shall adjust the budget and expenditures so as not to exceed the~~  
16 ~~general budget limit, the unrestricted capital budget limit or the soft~~  
17 ~~capital allocation limit for the current year. If the governing board~~  
18 ~~receives notification that the budget is in excess of the general budget~~  
19 ~~limit, the unrestricted capital budget limit or the soft capital allocation~~  
20 ~~limit by one thousand dollars or more, it shall on or before December 15,~~  
21 ~~after it gives notice and holds a public meeting in a similar manner as~~  
22 ~~provided in subsections C and D of this section, adopt a revised budget for~~  
23 ~~the current year which shall not exceed the general budget limit, the~~  
24 ~~unrestricted capital budget limit or the soft capital allocation limit. THE~~  
25 ~~GOVERNING BOARD SHALL REVISE THE BUDGET AS FOLLOWS:~~

26 1. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET  
27 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR  
28 THE SOFT CAPITAL ALLOCATION LIMIT BY ONE PER CENT OF THE GENERAL BUDGET LIMIT  
29 OR ONE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, IT SHALL ADOPT ON OR  
30 BEFORE DECEMBER 15, AFTER IT GIVES NOTICE AND HOLDS A PUBLIC MEETING IN A  
31 SIMILAR MANNER AS PROVIDED IN SUBSECTIONS C AND D OF THIS SECTION, A REVISED  
32 BUDGET FOR THE CURRENT YEAR, WHICH SHALL NOT EXCEED THE GENERAL BUDGET LIMIT,  
33 THE UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT.

34 2. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET  
35 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR  
36 THE SOFT CAPITAL ALLOCATION LIMIT BY LESS THAN THE AMOUNT PRESCRIBED IN  
37 PARAGRAPH 1 OF THIS SUBSECTION, THE GOVERNING BOARD SHALL ADJUST THE BUDGET

1 AND EXPENDITURES SO AS NOT TO EXCEED THE GENERAL BUDGET LIMIT, THE  
2 UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT FOR  
3 THE CURRENT YEAR.

4 3. On or before December 18, the governing board shall file the  
5 revised budget ~~which~~ it adopts with the county school superintendent who  
6 shall immediately transmit a copy to the board of supervisors. Not later  
7 than December 18, the budget as revised shall be submitted electronically to  
8 the superintendent of public instruction. School districts that are subject  
9 to section 15-914.01 are not required to send a copy of revised budgets to  
10 the county school superintendent. Procedures for adjusting expenditures or  
11 revising the budget shall be as prescribed in the uniform system of financial  
12 records.

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

15 1. Amounts within the general budget limit, as provided in section  
16 15-947, subsection C, may only be budgeted in the following sections of the  
17 budget:

18 (a) The maintenance and operation section.

19 (b) The capital outlay section.

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

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

28 G. The governing board may authorize the expenditure of monies  
29 budgeted within the maintenance and operation section of the budget for any  
30 subsection within the section in excess of amounts specified in the adopted  
31 budget only by action taken at a public meeting of the governing board and if  
32 the expenditures for all subsections of the section do not exceed the amount  
33 budgeted as provided in this section. ~~Until June 30, 1999, the governing  
34 board may authorize the expenditure of monies to exceed the budgeted  
35 expenditures of the capital outlay section of the budget only by action taken  
36 at a public meeting of the governing board and if monies are available in the  
37 reserve.~~

- 1           H. The aggregate budget limit is the sum of the following:
- 2           1. The general budget limit as determined in section 15-947 for the
- 3 budget year.
- 4           2. The unrestricted capital budget limit as determined in section
- 5 15-947 for the budget year.
- 6           3. The soft capital allocation limit for the budget year as determined
- 7 in section 15-947.
- 8           4. Federal assistance, excluding P.L. 81-874 monies.
- 9           I. School districts which overestimated tuition revenues as provided
- 10 in section 15-947, subsection C, paragraph 2 shall adjust the general budget
- 11 limit and expenditures based upon tuition revenues for attendance of
- 12 nonresident pupils during the current fiscal year. School districts which
- 13 underestimated tuition revenues may adjust their budgets prior to May 15
- 14 based upon tuition revenues for attendance of nonresident pupils during the
- 15 current fiscal year. School districts which overestimated revenues as
- 16 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items
- 17 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit
- 18 and expenditures based on actual revenues during the current fiscal year.
- 19 School districts which underestimated such revenues may adjust their budgets
- 20 before May 15 based on actual revenues during the current fiscal year.
- 21 Procedures for completing adjustments shall be as prescribed in the uniform
- 22 system of financial records. Not later than May 18, the budget as adjusted
- 23 shall be submitted electronically to the superintendent of public
- 24 instruction.
- 25           J. A common school district not within a high school district whose
- 26 estimated tuition charge for high school pupils exceeds the actual tuition
- 27 charge for high school pupils shall adjust the general budget limit and
- 28 expenditures based on the actual tuition charge. Not later than May 18, the
- 29 budget as adjusted shall be submitted electronically to the superintendent of
- 30 public instruction. A common school district not within a high school
- 31 district whose estimated tuition charge for high school pupils is less than
- 32 the actual tuition charge for high school pupils may adjust its budget before
- 33 May 15 based on the actual tuition charge. Procedures for completing
- 34 adjustments shall be as prescribed in the uniform system of financial
- 35 records. If the adjusted general budget limit requires an adjustment of
- 36 state aid and if the adjustment to state aid is not made in the current year,
- 37 the superintendent of public instruction shall adjust by August 15 of the

1 succeeding fiscal year the apportionment of state aid to the school district  
2 to correct any overpayment or underpayment of state aid received during the  
3 current year.

4 K. The governing board may include P.L. 81-874 assistance allocated  
5 for children with disabilities, children with specific learning disabilities,  
6 children residing on Indian lands and children residing within the boundaries  
7 of an accommodation school that is located on a military reservation and that  
8 is classified as a heavily impacted local educational agency pursuant to 20  
9 United States Code section 7703 which is in addition to basic assistance when  
10 determining the general budget limit as prescribed in section 15-947,  
11 subsection C. The increase in the general budget limit for children residing  
12 within the boundaries of an accommodation school that is located on a  
13 military reservation and that is classified as a heavily impacted local  
14 education agency shall equal the dollar amount calculated pursuant to 20  
15 United States Code section 7703(b)(2). The governing board may adjust before  
16 May 15 the budget for the current year based on any adjustments which result  
17 in increases over the amount estimated by the superintendent of public  
18 instruction for P.L. 81-874 assistance for such pupils for the fiscal year  
19 preceding the current year. The governing board shall adjust before May 15  
20 the budget for the current year based on any adjustments which result in  
21 decreases in the amount estimated by the superintendent of public instruction  
22 for P.L. 81-874 assistance for such pupils for the fiscal year preceding the  
23 current year. Not later than May 18, the budget as adjusted shall be  
24 submitted electronically to the superintendent of public instruction.  
25 Procedures for complying with this subsection shall be as prescribed in the  
26 uniform system of financial records.

27 L. The state board of education shall hold a hearing if expenditures  
28 by any school district exceed the general budget limit prescribed in section  
29 15-947, subsection C, the unrestricted capital budget limit, the soft capital  
30 allocation limit prescribed in section 15-947, subsection E, the school plant  
31 fund limits prescribed in section 15-1102, subsection B, the maintenance and  
32 operation section of the budget or the capital outlay section of the budget.  
33 If the expenditures of any school district exceed these limits or sections of  
34 the budget without authorization as provided in section 15-907, the state  
35 board of education shall reduce the state aid for equalization assistance for  
36 education for the school district computed as provided in section 15-971  
37 during the fiscal year subsequent to the fiscal year in which the excess



1 expenditures were made by an amount equal to the excess expenditures, except  
2 that in case of hardship to the school district, the superintendent of public  
3 instruction may approve reductions partly in the first subsequent year and  
4 partly in the second subsequent year.

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

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

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

7           1. For fiscal year 1988-1989:

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

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

18           (c) Multiply one thousand nine hundred fourteen dollars by the number  
19 of children residing on Indian lands who have disabilities or also have  
20 specific learning disabilities reported to the division of impact aid, United  
21 States department of education in the district's application for fiscal year  
22 1987-1988.

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

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

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

31           3. If the district is eligible to use the provisions of this  
32 subsection, subtract the amount of P.L. 81-874 assistance determined in  
33 subsection K of this section from the sum determined in paragraph 1,  
34 subdivision (d) of this subsection. The difference is the increase in the  
35 amount that may be included in determining the general budget limit as  
36 provided in subsection K of this section, if including this amount does not  
37 increase the district's primary tax rate for the budget year. If the amount

1 of P.L. 81-874 assistance determined in subsection K of this section is  
2 adjusted for the current year, the increase determined in this paragraph  
3 shall be recomputed using the adjusted amount and the recomputed increase  
4 shall be reported to the department of education by May 15 on a form  
5 prescribed by the department of education.

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

10 P. A school district, except for an accommodation school, which  
11 applies for P.L. 81-874 assistance during the current year may budget an  
12 amount for P.L. 81-874 administrative costs for the budget year. The amount  
13 budgeted for P.L. 81-874 administrative costs is exempt from the revenue  
14 control limit and may not exceed an amount determined for the budgeted year  
15 as follows:

16 1. Determine the minimum cost. The minimum cost for fiscal year  
17 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year  
18 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior  
19 year increased by the growth rate as prescribed by law, subject to  
20 appropriation.

21 2. Determine the hourly rate. The hourly rate for fiscal year  
22 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and  
23 thereafter, the hourly rate is the hourly rate for the prior year increased  
24 by the growth rate as prescribed by law, subject to appropriation.

25 3. Determine the P.L. 81-874 revenues available by subtracting the  
26 amount of P.L. 81-874 assistance used to increase the general budget limit as  
27 provided in subsections K and O of this section for the current fiscal year  
28 from the total amount of P.L. 81-874 revenues received in the current fiscal  
29 year.

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

31 (a) Determine the sum of the following:

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

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

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

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

3 (b) For the purposes of this paragraph:

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

9 (ii) "Low impact pupil" means a pupil who resides on nonfederal  
10 property and has a parent who is employed on federal property or low rent  
11 housing property or is on active duty in a uniformed service or a pupil who  
12 resides on federal property or in low rent housing and who does not have a  
13 parent who is employed on federal property or low rent housing property or is  
14 on active duty in uniformed service, as provided in P.L. 81-874, section 3(b)  
15 and as reported in the application for P.L. 81-874 assistance in the current  
16 year.

17 5. Multiply the total number of administrative hours determined in  
18 paragraph 4 of this subsection by the hourly rate determined in paragraph 2  
19 of this subsection.

20 6. Determine the greater of the minimum cost determined in paragraph 1  
21 of this subsection or the product determined in paragraph 5 of this  
22 subsection.

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

28 8. Determine the lesser of the amount determined in paragraph 7 of  
29 this subsection or the revenues available as determined in paragraph 3 of  
30 this subsection.

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

34 10. If the governing board underestimated the amount that may be  
35 budgeted for P.L. 81-874 administrative costs for the current year, the board  
36 may adjust the general budget limit and the budget before May 15. If the  
37 governing board overestimated the amount that may be budgeted for P.L. 81-874

1 administrative costs for the current year, the board shall adjust the general  
2 budget limit and the budget before May 15.

3 Q. If a school district governing board has adopted a budget for a  
4 fiscal year based on forms and instructions provided by the auditor general  
5 and the department of education for that fiscal year and if, as a result of  
6 the enactment or nonenactment of proposed legislation after May 1 of the  
7 previous fiscal year, the budget is based on incorrect limits, does not  
8 include items authorized by law or does not otherwise conform with law, the  
9 governing board may revise its budget at a public hearing on or before  
10 September 15 to conform with the law. Not later than September 18, the  
11 budget as adjusted shall be submitted electronically to the superintendent of  
12 public instruction. If the governing board does not revise the budget on or  
13 before September 15 and if the budget includes any items not authorized by  
14 law or if the budget exceeds any limits, the governing board shall adjust or  
15 revise the budget as provided in subsection E of this section.

16 R. For the purposes of this section, "P.L. 81-874 assistance" means,  
17 for the current year, an amount equal to the final determination of  
18 P.L. 81-874 assistance for the fiscal year preceding the current year as  
19 confirmed by the division of impact aid, United States department of  
20 education or, if a final determination has not been made, the amount  
21 estimated by the superintendent of public instruction as confirmed by the  
22 division of impact aid, United States department of education and, for the  
23 budget year, an amount equal to the determination of P.L. 81-874 assistance  
24 for the fiscal year preceding the budget year as estimated by the  
25 superintendent of public instruction.

26 Sec. 14. Repeal

27 Section 15-910.03, Arizona Revised Statutes, is repealed.

28 Sec. 15. Section 15-914, Arizona Revised Statutes, is amended to read:

29 15-914. Financial and compliance audits

30 A. The governing board of a school district ~~which~~ THAT is required to  
31 comply with the single audit act amendments of 1996 (P.L. 104-156; 110 Stat.  
32 1396; 31 United States Code sections 7501 through 7507) shall contract for at  
33 least annual financial and compliance audits of financial transactions and  
34 accounts subject to the single audit act amendments of 1996 and kept by or  
35 for the school district. Beginning with fiscal year 2003-2004, the governing  
36 board of a school district that is not required to comply with the single  
37 audit act and that has adopted an expenditure budget of two million dollars

1 or more for the maintenance and operation fund pursuant to section 15-905  
2 shall contract for an annual financial statement audit. Beginning with  
3 fiscal year 2004-2005, the governing board of a school district that is not  
4 required to comply with the single audit act and that has adopted an  
5 expenditure budget of less than two million dollars but more than seven  
6 hundred thousand dollars for the maintenance and operation fund pursuant to  
7 section 15-905 shall contract for a biennial financial statement audit. An  
8 independent certified public accountant shall conduct the audit in accordance  
9 with generally accepted governmental auditing standards. IF PERMITTED BY  
10 FEDERAL LAW, A SCHOOL DISTRICT THAT IS REQUIRED TO PARTICIPATE IN AN ANNUAL  
11 AUDIT PURSUANT TO THIS SUBSECTION MAY CONVERT TO A BIENNIAL AUDIT SCHEDULE IF  
12 THE PREVIOUS ANNUAL AUDIT DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS.  
13 IF A BIENNIAL AUDIT OF A SCHOOL DISTRICT CONDUCTED PURSUANT TO THIS  
14 SUBSECTION CONTAINS ANY SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT  
15 SHALL CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE. IF A SCHOOL DISTRICT IS  
16 REQUIRED TO CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE PURSUANT TO THIS  
17 SUBSECTION BECAUSE OF SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT MAY  
18 SUBSEQUENTLY CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS TWO ANNUAL  
19 AUDITS DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. FOR THE PURPOSES  
20 OF THIS SUBSECTION, "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING THAT  
21 RESULTS IN THE ISSUANCE OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR  
22 GENERAL.

23 B. The governing board of a charter school that is required to comply  
24 with the single audit act amendments of 1996 shall contract for an annual  
25 financial and compliance audit of financial transactions and accounts subject  
26 to the single audit act amendments of 1996 and kept by or for the charter  
27 school.

28 C. A charter school that is not subject to the single audit act  
29 amendments of 1996 shall contract for at least an annual financial statement  
30 audit conducted in accordance with generally accepted governmental auditing  
31 standards. An independent certified public accountant shall conduct the  
32 audit.

33 D. For all audits referred to in subsections A, B and C of this  
34 section, the independent certified public accountant shall submit a uniform  
35 system of financial records compliance questionnaire to the auditor general  
36 with the applicable audit reports.

1 E. Contracts for all financial and compliance audits and financial  
2 statement audits and the completed audits shall be approved by the auditor  
3 general as provided in section 41-1279.21. Contracts for all financial and  
4 compliance audits and financial statement audits shall comply with the rules  
5 for competitive sealed proposals as prescribed by the state board of  
6 education in section 15-213.

7 F. If the school district or charter school will incur costs of  
8 financial and compliance audits for the budget year, the governing board of a  
9 school district or the governing body of the charter school may increase its  
10 base support level for the budget year by an amount equal to the amount  
11 expended for the district's or charter school's financial and compliance  
12 audits in the year before the current year, increased by the growth rate as  
13 prescribed by law, subject to appropriation. In determining the amount  
14 expended for the district's or charter school's financial and compliance  
15 audits, the school district or charter school shall include only the portion  
16 of the audit ~~which~~ THAT must be paid from monies other than federal monies.  
17 The department of education and the auditor general shall prescribe a method  
18 for determining the increase in the base support level and shall include in  
19 the maintenance and operation section of the budget format, as provided in  
20 section 15-903, a separate line for financial and compliance audits  
21 expenditures.

22 G. Beginning in fiscal year 2003-2004, every audit contract shall  
23 include a systematic review of average daily membership, as defined in  
24 section 15-901, using methodology that is consistent with guidelines  
25 established by the auditor general. The auditor general shall consider cost  
26 when establishing guidelines pursuant to this subsection and, to the extent  
27 possible, shall attempt to minimize the cost of the review. The purpose of  
28 the review is to determine whether the average daily membership reported by  
29 the charter school or school district is in compliance with the laws of this  
30 state and the uniform systems of financial records for charter schools and  
31 school districts.

32 Sec. 16. Section 15-914.01, Arizona Revised Statutes, is amended to  
33 read:

34 15-914.01. Accounting responsibility: definition

35 A. School districts with a student count of at least four thousand may  
36 apply to the state board of education to assume accounting responsibility.

1           B. A school district applying to the state board of education to  
2 assume accounting responsibility shall develop and file with the department  
3 of education an accounting responsibility plan and document in the plan:

4           1. Administrative and internal accounting controls designed to achieve  
5 compliance with the uniform system of financial records and the objectives of  
6 this section, including:

7           (a) Procedures for approving, preparing and signing vouchers and  
8 warrants.

9           (b) Procedures to ensure verification of administrators' and teachers'  
10 certification records with the department of education for all classroom and  
11 administrative personnel required to hold a certificate by the state board of  
12 education pursuant to section 15-203 before issuing warrants for their  
13 services.

14           (c) Procedures to account for all revenues, including allocation of  
15 certain revenues to funds.

16           (d) Procedures for reconciling the accounting records monthly to the  
17 county treasurer.

18           2. A compilation of resources required to implement accounting  
19 responsibility, including, at a minimum, personnel, training and equipment,  
20 and A comprehensive analysis of the budgetary implications of accounting  
21 responsibility for the school district and the county treasurer.

22           C. Prior to January 1 of the fiscal year preceding the fiscal year of  
23 implementation and before submitting an application to assume accounting  
24 responsibility, a school district shall apply for evaluation by the auditor  
25 general. On completion of the evaluation the auditor general may recommend  
26 approval or denial of accounting responsibility to the state board of  
27 education. The evaluation by the auditor general shall be performed  
28 contingent on staff availability and may be billed to the school district at  
29 cost. Evaluation at a minimum shall include the following:

30           1. The most recent financial statements audited by an independent  
31 certified public accountant.

32           2. The most recent report on internal control, report on compliance  
33 and uniform system of financial records compliance questionnaire prepared by  
34 an independent certified public accountant or procedural review completed by  
35 the auditor general.



1           3. The working papers of the independent certified public accountant  
2 responsible for auditing the school district, if deemed appropriate by the  
3 auditor general.

4           4. A procedural review if deemed appropriate by the auditor general.

5           D. School districts that are approved by the state board of education  
6 to assume accounting responsibility shall contract with an independent  
7 certified public accountant for an annual financial and compliance audit.  
8 The auditor general may reevaluate the school district annually based on the  
9 audit to determine compliance with the uniform system of financial records.  
10 IF PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT MAY CONVERT TO A BIENNIAL  
11 AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT CONDUCTED PURSUANT TO THIS  
12 SUBSECTION DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. IF A BIENNIAL  
13 AUDIT OF A SCHOOL DISTRICT CONDUCTED PURSUANT TO THIS SUBSECTION CONTAINS ANY  
14 SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT SHALL CONVERT BACK TO AN  
15 ANNUAL AUDIT SCHEDULE. IF A SCHOOL DISTRICT IS REQUIRED TO CONVERT BACK TO  
16 AN ANNUAL AUDIT SCHEDULE PURSUANT TO THIS SUBSECTION BECAUSE OF SIGNIFICANT  
17 NEGATIVE FINDINGS, THE SCHOOL DISTRICT MAY SUBSEQUENTLY CONVERT TO A BIENNIAL  
18 AUDIT SCHEDULE IF THE PREVIOUS TWO ANNUAL AUDITS DID NOT CONTAIN ANY  
19 SIGNIFICANT NEGATIVE FINDINGS. FOR THE PURPOSES OF THIS SUBSECTION,  
20 "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING THAT RESULTS IN THE ISSUANCE  
21 OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR GENERAL.

22           E. To assume accounting responsibility a school district shall notify  
23 the county treasurer and the county school superintendent of its intention  
24 before March 1 of the fiscal year preceding the fiscal year of  
25 implementation. On notification, the county treasurer shall establish  
26 acceptable standards for interface by school districts with the county  
27 treasurer, including specifications for computer hardware and software  
28 compatibility and procedures to ensure the capacity of each school district  
29 for reconciliation of accounts with those of the county treasurer.

30           F. Any school district that fails to maintain accounting standards as  
31 provided by the uniform system of financial records and THAT is found to be  
32 in noncompliance with the uniform system of financial records by the state  
33 board of education as provided in section 15-272 is not eligible to  
34 participate in the program provided by this section.

35           G. Any school district that has assumed accounting responsibility  
36 pursuant to this section, that fails to maintain accounting standards as  
37 provided by the uniform system of financial records and THAT is found to be

1 in noncompliance with the uniform system of financial records by the state  
2 board of education as provided in section 15-272 is no longer eligible to  
3 participate in the program provided by this section.

4 H. For the purposes of this section, "accounting responsibility" means  
5 authority for a school district to operate with full independence from the  
6 county school superintendent with respect to revenues and expenditures,  
7 including allocating revenues, monitoring vouchers, authorizing and issuing  
8 warrants and maintaining and verifying staff records for certification and  
9 payroll purposes.

10 Sec. 17. Section 15-1021, Arizona Revised Statutes, is amended to  
11 read:

12 15-1021. Limitation on bonded indebtedness; limitation on  
13 authorization and issuance of bonds

14 A. Until December 31, 1999, a school district may issue class A bonds  
15 for the purposes specified in this section and chapter 4, article 5 of this  
16 title to an amount in the aggregate, including the existing indebtedness, not  
17 exceeding fifteen per cent of the taxable property used for secondary  
18 property tax purposes, as determined pursuant to title 42, chapter 15,  
19 article 1, within a school district as ascertained by the last property tax  
20 assessment previous to issuing the bonds.

21 B. From and after December 31, 1998, a school district may issue class  
22 B bonds for the purposes specified in this section and chapter 4, article 5  
23 of this title to an amount in the aggregate, including the existing class B  
24 indebtedness, not exceeding five per cent of the taxable property used for  
25 secondary property tax purposes, as determined pursuant to title 42, chapter  
26 15, article 1, within a school district as ascertained by the last assessment  
27 of state and county taxes previous to issuing the bonds, or one thousand five  
28 hundred dollars per student count as determined pursuant to section 15-902,  
29 whichever amount is greater. A school district shall not issue class B bonds  
30 until the proceeds of any class A bonds issued by the school district have  
31 been obligated in contract. The total amount of class A and class B bonds  
32 issued by a school district shall not exceed the debt limitations prescribed  
33 in article IX, section 8, Constitution of Arizona.

34 C. Until December 31, 1999, a unified school district, as defined  
35 under article IX, section 8.1, Constitution of Arizona, may issue class A  
36 bonds for the purposes specified in this section and chapter 4, article 5 of  
37 this title to an amount in the aggregate, including the existing

1           indebtedness, not exceeding thirty per cent of the taxable property used for  
2           secondary property tax purposes, as determined pursuant to title 42, chapter  
3           15, article 1, within a unified school district as ascertained by the last  
4           property tax assessment previous to issuing the bonds.

5           D. From and after December 31, 1998, a unified school district, as  
6           defined under article IX, section 8.1, Constitution of Arizona, may issue  
7           class B bonds for the purposes specified in this section and chapter 4,  
8           article 5 of this title to an amount in the aggregate, including the existing  
9           class B indebtedness, not exceeding ten per cent of the taxable property used  
10          for secondary tax purposes, as determined pursuant to title 42, chapter 15,  
11          article 1, within a school district as ascertained by the last assessment of  
12          state and county taxes previous to issuing the bonds, or one thousand five  
13          hundred dollars per student count as determined pursuant to section 15-902,  
14          whichever amount is greater. A unified school district shall not issue class  
15          B bonds until the proceeds of any class A bonds issued by the unified school  
16          district have been obligated in contract. The total amount of class A and  
17          class B bonds issued by a unified school district shall not exceed the debt  
18          limitations prescribed in article IX, section 8.1, Constitution of Arizona.

19          E. No bonds authorized to be issued by an election held after July 1,  
20          1980 **AND BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION** may be  
21          issued more than six years after the date of the election, except that class  
22          A bonds shall not be issued after December 31, 1999. **NO BONDS AUTHORIZED TO**  
23          **BE ISSUED BY AN ELECTION HELD AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO**  
24          **THIS SECTION MAY BE ISSUED MORE THAN TEN YEARS AFTER THE DATE OF THE**  
25          **ELECTION.**

26          F. Class A bond proceeds shall not be expended for items whose useful  
27          life is less than the average life of the bonds issued, except that bond  
28          proceeds shall not be expended for items whose useful life is less than five  
29          years.

30          G. Except as provided in subsection H of this section, class B bond  
31          proceeds shall not be expended for soft capital items, computer hardware, or  
32          other items whose useful life is less than the average useful life of the  
33          bonds issued, except that bond proceeds shall not be expended for items whose  
34          useful life is less than five years. For the purposes of this subsection,  
35          "computer hardware" means an electronic device with an integrated circuit  
36          that performs logic, arithmetic or memory functions by the manipulations of  
37          electronic or magnetic impulses and includes all input, output, processing,

1 storage, software or communication facilities that are connected or related  
2 to such a device in a system or network.

3 H. Class B bond proceeds for a facility at a campus owned or operated  
4 and maintained by a joint technological education district may be expended  
5 for soft capital items, computer hardware, furniture or other equipment,  
6 except that no bonds may be issued for these purposes for a duration of more  
7 than five years. The total amount of bonds that a joint technological  
8 education district may issue pursuant to this subsection shall not exceed  
9 thirty per cent of the cost of the school facility, including monies received  
10 for the school facility pursuant to this section. A joint technological  
11 education district shall not spend class B bond proceeds to construct or  
12 renovate a facility located on the campus of a school in a school district  
13 that participates in the joint district unless the facility is only used to  
14 provide career and technical education and is available to all pupils who  
15 live within the joint technological education district. If the facility is  
16 not owned by the joint technological education district, an intergovernmental  
17 agreement or a written contract shall be executed for ten years or the  
18 duration of the bonded indebtedness, whichever is greater. The  
19 intergovernmental agreement or written contract shall include provisions:

20 1. That preserve the usage of the facility renovated or constructed,  
21 or both, only for career and technology programs operated by the joint  
22 technology education district.

23 2. That include the process to be used by the participating district  
24 to compensate the joint technology education district in the event that the  
25 facility is no longer used only for career and technology education programs  
26 offered by the joint technological education district during the life of the  
27 bond.

28 I. Notwithstanding subsections F and G of this section, bond proceeds  
29 may be expended for purchasing pupil transportation vehicles.

30 J. A school district shall not authorize, issue or sell bonds pursuant  
31 to this section if the school district has any existing indebtedness from  
32 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,  
33 except for bonds issued to refund any bonds issued by the governing board."

34 Renumber to conform

1 Page 32, strike line 13, strike "F" insert "G"

2 Page 35, after line 43, insert:

3 "Sec. 21. Repeal

4 Title 15, chapter 17, Arizona Revised Statutes, is repealed."

5 Renumber to conform

6 Page 36, between lines 9 and 10, insert:

7 "Sec. 23. Section 38-766.01, Arizona Revised Statutes, is amended to  
8 read:

9 38-766.01. Retired members: return to work

10 A. Notwithstanding section 38-766, a retired member may return to work  
11 and still be eligible to receive retirement benefits if all of the following  
12 requirements are satisfied:

13 1. The retired member has attained the member's normal retirement age.

14 2. The retired member terminated employment at least twelve months  
15 before returning to work.

16 3. If the retired member returns to work as a teacher, the retired  
17 member is working as a certificated teacher.

18 4. If the retired member returns to work as a teacher, the retired  
19 member's employment is not subject to the requirements prescribed in sections  
20 15-536, 15-538, 15-538.01 and 15-539 through 15-543.

21 5. The retired member acknowledges in writing the provisions of this  
22 section.

23 B. An employer of a retired member who returns to work pursuant to  
24 this section shall not pay contributions on behalf of the retired member  
25 pursuant to section 38-736, 38-737 or 38-797.05. A retired member who  
26 returns to work pursuant to this section does not accrue credited service,  
27 retirement benefits or long-term disability program benefits pursuant to  
28 article 2.1 of this chapter for the period the retired member returns to  
29 work."

30 Renumber to conform

31 Page 37, strike lines 4 through 44

32 Page 38, strike lines 1 through 8

33 Renumber to conform

34 Page 39, strike lines 10 through 45

35 Strike pages 40 through 43

1 Page 44, strike lines 1 through 9

2 Between lines 9 and 10, insert:

3 "Sec. 26. Retroactivity; saving clause

4 A. Section 15-105, Arizona Revised Statutes, as amended by this act,  
5 applies retroactively to September 26, 2008.

6 B. Subsection A of this section does not apply to pupils who before  
7 the effective date of this act qualified for participation in the early  
8 graduation scholarship program by graduating one semester early. A pupil who  
9 before the effective date of this act qualified for participation in the  
10 early graduation scholarship program by graduating one semester early may  
11 continue to participate in the program for the duration of that pupil's  
12 eligibility and shall be funded with remaining balances in the early  
13 graduation scholarship fund."

14 Renumber to conform

15 Amend title to conform

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RICH CRANDALL

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