

BURNS FLOOR AMENDMENT

SENATE AMENDMENTS TO S.B. 1187

(Reference to APPROP amendment)

Page 1, between lines 1 and 2, insert:

"Section 1. Section 11-952, Arizona Revised Statutes, as amended by Laws 2005, chapter 273, section 2, is amended to read:

11-952. Intergovernmental agreements and contracts

A. If authorized by their legislative or other governing bodies, two or more public agencies or public procurement units by direct contract or agreement may contract for services or jointly exercise any powers common to the contracting parties and may enter into agreements with one another for joint or cooperative action or may form a separate legal entity, including a nonprofit corporation, to contract for or perform some or all of the services specified in the contract or agreement or exercise those powers jointly held by the contracting parties.

B. Any such contract or agreement shall specify the following:

1. Its duration.

2. Its purpose or purposes.

3. The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget therefor.

4. The permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property ~~upon~~ ON such partial or complete termination.

5. If a separate legal entity is formed pursuant to subsection A, the precise organization, composition, title and nature of the entity.

6. Any other necessary and proper matters.

C. No agreement made pursuant to this article shall relieve any public agency of any obligation or responsibility imposed ~~upon~~ ON it by law.

D. Except as provided in subsection E, every agreement or contract involving any public agency, board or commission made pursuant to this article ~~shall, prior to~~ BEFORE its execution, SHALL be submitted to the attorney for each such public agency, board or commission, who shall determine whether the agreement is in proper form and is within the powers and authority granted under the laws of this state to such public agency, board or commission.

E. A federal department or agency ~~which~~ THAT is a party to an agreement or contract made pursuant to this article is not required to submit the agreement or contract to the attorney for the federal department or agency unless required under federal law.

~~F. Any agreement or contract submitted to the attorney general shall be filed with the secretary of state and shall become effective on the date~~

~~provided in the agreement. The secretary of state shall prepare a cross-index of the names of all public agencies which coordinate with the attorney general and secretary of state and file an agreement under this section.~~

~~G. Any agreement or contract submitted to an attorney other than the attorney general shall be filed with the secretary of state if the agreement affects more than one county and shall be filed with the county recorder if only one county is affected and shall become effective on the date provided in the agreement.~~

~~H.~~ F. Appropriate action by ordinance, ~~OR~~ resolution or otherwise pursuant to the laws applicable to the governing bodies of the participating agencies approving or extending the duration of the agreement or contract shall be necessary before any such agreement, contract or extension may be filed or become effective.

~~I. G. If a school district is a party to an agreement made pursuant to subsection A, the parties to such agreement may extend the duration of the agreement by notification to the secretary of state if the agreement is filed pursuant to subsection F. Such AN agreement OR CONTRACT may be extended as many times as is desirable, but each extension may not exceed the duration of the previous agreement.~~

~~J.~~ H. Payment for services under this section shall not be made unless pursuant to a fully approved written contract.

~~K.~~ I. A person who authorizes payment of any monies in violation of this section is liable for the monies paid plus twenty per cent of such amount and legal interest from the date of payment.

~~L.~~ J. Notwithstanding any other provision of law, public agencies may enter into a contract or agreement pursuant to this section with the superior court, justice courts and police courts for related services and facilities of such courts for a term not to exceed ten years, with the approval of such contract or agreement by the presiding judge of the superior court in the county in which the court or courts ~~which~~ THAT provide the facilities or services are located.

~~M.~~ K. A county with a population of more than one million two hundred thousand persons may enter into an intergovernmental agreement with a city or town to allow the city or town to enforce the provisions of the county's ordinances regulating adult entertainment businesses and the county's building codes, excluding the issuance of licenses or permits, in a specified portion of the county. An intergovernmental agreement pursuant to this subsection shall apply only to a portion of a county that is entirely surrounded by one or more cities or towns.

Sec. 2. Section 11-952, Arizona Revised Statutes, as amended by Laws 2005, chapter 273, section 3, is amended to read:

11-952. Intergovernmental agreements and contracts

A. If authorized by their legislative or other governing bodies, two or more public agencies or public procurement units by direct contract or agreement may contract for services or jointly exercise any powers common to the contracting parties and may enter into agreements with one another for joint or cooperative action or may form a separate legal entity, including a

1 nonprofit corporation, to contract for or perform some or all of the services  
2 specified in the contract or agreement or exercise those powers jointly held  
3 by the contracting parties.

4 B. Any such contract or agreement shall specify the following:

- 5 1. Its duration.  
6 2. Its purpose or purposes.  
7 3. The manner of financing the joint or cooperative undertaking and of  
8 establishing and maintaining a budget therefor.

9 4. The permissible method or methods to be employed in accomplishing  
10 the partial or complete termination of the agreement and for disposing of  
11 property ~~upon~~ ON such partial or complete termination.

12 5. If a separate legal entity is formed pursuant to subsection A, the  
13 precise organization, composition, title and nature of the entity.

14 6. Any other necessary and proper matters.

15 C. No agreement made pursuant to this article shall relieve any public  
16 agency of any obligation or responsibility imposed ~~upon~~ ON it by law.

17 D. Except as provided in subsection E, every agreement or contract  
18 involving any public agency, board or commission made pursuant to this  
19 article ~~shall~~, ~~prior to~~ BEFORE its execution, ~~SHALL~~ be submitted to the  
20 attorney for each such public agency, board or commission, who shall  
21 determine whether the agreement is in proper form and is within the powers  
22 and authority granted under the laws of this state to such public agency,  
23 board or commission.

24 E. A federal department or agency ~~which~~ THAT is a party to an  
25 agreement or contract made pursuant to this article is not required to submit  
26 the agreement or contract to the attorney for the federal department or  
27 agency unless required under federal law.

28 ~~F. Any agreement or contract submitted to the attorney general shall~~  
29 ~~be filed with the secretary of state and shall become effective on the date~~  
30 ~~provided in the agreement. The secretary of state shall prepare a~~  
31 ~~cross-index of the names of all public agencies which coordinate with the~~  
32 ~~attorney general and secretary of state and file an agreement under this~~  
33 ~~section.~~

34 ~~G. Any agreement or contract submitted to an attorney other than the~~  
35 ~~attorney general shall be filed with the secretary of state if the agreement~~  
36 ~~affects more than one county and shall be filed with the county recorder if~~  
37 ~~only one county is affected and shall become effective on the date provided~~  
38 ~~in the agreement.~~

39 ~~H. F.~~ F. Appropriate action by ordinance, ~~OR~~ resolution or otherwise  
40 pursuant to the laws applicable to the governing bodies of the participating  
41 agencies approving or extending the duration of the agreement or contract  
42 shall be necessary before any such agreement, contract or extension may be  
43 filed or become effective.

44 ~~I. G.~~ G. If a school district is a party to an agreement made pursuant  
45 ~~to subsection A, the parties to such agreement may extend the duration of the~~  
46 ~~agreement by notification to the secretary of state if the agreement is filed~~  
47 ~~pursuant to subsection F. Such~~ AN agreement OR CONTRACT may be extended as

1 many times as is desirable, but each extension may not exceed the duration of  
2 the previous agreement.

3 ~~H.~~ H. Payment for services under this section shall not be made  
4 unless pursuant to a fully approved written contract.

5 ~~I.~~ I. A person who authorizes payment of any monies in violation of  
6 this section is liable for the monies paid plus twenty per cent of such  
7 amount and legal interest from the date of payment.

8 ~~J.~~ J. Notwithstanding any other provision of law, public agencies may  
9 enter into a contract or agreement pursuant to this section with the superior  
10 court, justice courts and police courts for related services and facilities  
11 of such courts for a term not to exceed ten years, with the approval of such  
12 contract or agreement by the presiding judge of the superior court in the  
13 county in which the court or courts ~~which~~ THAT provide the facilities or  
14 services are located.

15 Sec. 3. Section 11-952.01, Arizona Revised Statutes, is amended to  
16 read:

17 11-952.01. Public agency pooling of property, fidelity,  
18 liability, workers' compensation, life, health,  
19 accident and disability coverage; exemptions; board  
20 of trustees; contract; termination; audit;  
21 insolvency; definition

22 A. In addition to other authority granted pursuant to this title, two  
23 or more public agencies may enter into contracts or agreements pursuant to  
24 this article for the joint purchasing of insurance, including prepaid legal  
25 insurance or reinsurance, or to pool retention of their risks for property,  
26 fidelity and liability losses and to provide for the payment of such property  
27 loss, fidelity loss, prepaid legal insurance or claim of liability made  
28 against any member of the pool, including any elected or appointed official,  
29 officer or employee covered by the pool, on a cooperative or contract basis  
30 with one another or may jointly form a nonprofit corporation or enter into a  
31 trust agreement to carry out ~~the provisions of~~ this section in their behalf  
32 directly or by contract with a private party.

33 B. In addition to other authority granted pursuant to this title, two  
34 or more public agencies may enter into contracts or agreements pursuant to  
35 this article to establish a workers' compensation pool to provide for the  
36 payment of workers' compensation claims pursuant to title 23, chapter 6 on a  
37 cooperative or contract basis with one another or may jointly form a  
38 nonprofit corporation or enter into a trust agreement to carry out ~~the~~  
39 ~~provisions of~~ this section in their behalf directly or by contract with a  
40 private party. A workers' compensation pool established pursuant to this  
41 subsection may provide coverage for workers' compensation, employers'  
42 liability and occupational disease claims. A workers' compensation pool is  
43 subject to approval as a self-insurer by the industrial commission pursuant  
44 to section 23-961, subsection A, paragraph 2 and is subject to title 23,  
45 chapter 6 and rules adopted pursuant to that chapter in addition to the  
46 requirements of this section. The industrial commission, by rule, resolution  
47 or order, may adopt requirements for the administration of a workers'  
48 compensation pool under this subsection, including separation or commingling

1 of funds, accounting, auditing, reporting, actuarial standards and  
2 procedures.

3 C. In addition to other authority granted pursuant to this title, two  
4 or more public agencies may enter into contracts or agreements for the joint  
5 purchase of life insurance, disability insurance, accident insurance or  
6 health benefits plan insurance or may pool retention of their risks of loss  
7 for life, disability, health or accident claims made against any public  
8 agency member of the pool or to jointly provide the health and medical  
9 services authorized in section 36-2907. Public agencies may establish pools  
10 for the purposes of this subsection by any of the following methods:

- 11 1. On a cooperative or contract basis.
- 12 2. By the formation of a nonprofit corporation.
- 13 3. By contracts or intergovernmental agreements with the Arizona  
14 health care cost containment system administration.
- 15 4. By the execution of a trust agreement directly by the agencies or  
16 by contracting with a third party.

17 D. In addition to other authority granted pursuant to this title, two  
18 or more public agencies may enter into contracts or agreements pursuant to  
19 this article for the joint purchasing of insurance for property, liability or  
20 workers' compensation losses or to pool retention of their risks for property  
21 and liability loss to cover the public agency, its elected officials and  
22 employees and the contractor and subcontractor of every tier engaged in the  
23 performance of a construction project for the public agency. Public agencies  
24 may establish pools for the purpose of this subsection by any of the  
25 following methods:

- 26 1. On a cooperative or contract basis.
- 27 2. By the formation of a nonprofit corporation.
- 28 3. By the execution of a trust agreement directly by the agencies or  
29 by contracting with a third party.

30 E. Section 10-11301 does not apply to nonprofit corporations formed  
31 pursuant to this section.

32 F. Title 41, chapter 23 does not apply to the procurement of insurance  
33 or reinsurance, or to the procurement of the services provided for in  
34 subsection K, paragraph 8 of this section, by any pool established pursuant  
35 to this section.

36 G. Title 43 does not apply to any pool established pursuant to this  
37 section. Any pool established pursuant to this section is exempt from  
38 taxation under title 43.

39 H. Each pool shall be operated by a board of trustees consisting of at  
40 least three persons who are elected officials or employees of public entities  
41 within this state. The board of trustees shall notify the director of the  
42 department of insurance of the existence of the pool and shall file with the  
43 director and with the attorney general a copy of the intergovernmental  
44 agreement or contract. The attorney general shall file a copy of the  
45 agreement or contract with the secretary of state as required by section  
46 11-952. The board of trustees of each group shall do all of the following:

- 47 1. Establish terms and conditions of coverage within the pool,  
48 including exclusions of coverage.

- 1           2. Ensure that all claims are paid promptly.
- 2           3. Take all necessary precautions to safeguard the assets of the
- 3 group.
- 4           4. Maintain minutes of its meetings.
- 5           5. Designate an administrator to carry out the policies established by
- 6 the board of trustees and to provide day-to-day management of the group and
- 7 delineate in the written minutes of its meetings the areas of authority it
- 8 delegates to the administrator.
- 9           6. If the pool is a workers' compensation pool, file a copy of the
- 10 agreement with the director of the industrial commission.
- 11           I. If the pool includes private, nonprofit educational institutions,
- 12 each private, nonprofit educational institution shall post a bond, cash
- 13 deposit or other comparable financial security in an amount that is equal to
- 14 at least one and one-half times the amount of the private, nonprofit
- 15 educational institution's annual premium to ensure payment of the school's or
- 16 institution's legal liabilities and other obligations if the pool is
- 17 determined to be insolvent or is otherwise found to be unable to discharge
- 18 the pool's legal liabilities and other obligations pursuant to subsection N
- 19 of this section.
- 20           J. The board of trustees shall not:
- 21           1. Extend credit to individual members for payment of a premium,
- 22 except pursuant to payment plans established by the board.
- 23           2. Borrow any monies from the group or in the name of the group except
- 24 in the ordinary course of business.
- 25           K. In addition to the requirements of section 11-952, a contract or
- 26 agreement made pursuant to this section shall contain the following:
- 27           1. A provision for a system or program of loss control.
- 28           2. A provision for termination of membership, including either:
- 29           (a) Cancellation of individual members of the pool by the pool.
- 30           (b) Election by an individual member of the pool to terminate its
- 31 participation.
- 32           3. A provision requiring the pool to pay all claims for which each
- 33 member incurs liability during each member's period of membership.
- 34           4. A provision stating that each member is not relieved of its
- 35 liability incurred during the member's period of membership except through
- 36 the payment of losses by the pool or by the member.
- 37           5. A provision for the maintenance of claim reserves equal to known
- 38 incurred losses and an estimate of incurred but not reported claims.
- 39           6. A provision for a final accounting and settlement of the
- 40 obligations of or refunds to a terminating member to occur when all incurred
- 41 claims are concluded, settled or paid.
- 42           7. A provision that the pool may establish offices where necessary in
- 43 this state and employ necessary staff to carry out the purposes of the pool.
- 44           8. A provision that the pool may retain legal counsel, actuaries,
- 45 auditors, engineers, private consultants and advisors.
- 46           9. A provision that the pool may make and alter bylaws and rules
- 47 pertaining to the exercise of its purpose and powers.

1           10. A provision that the pool may purchase, lease or rent real and  
2           personal property it deems necessary.

3           11. A provision that the pool may enter into financial services  
4           agreements with banks and other financial institutions, that it may issue  
5           checks in its own name and that it may invest its monies in equity  
6           securities, mutual funds and investment funds registered with the United  
7           States securities and exchange commission, debt obligations and any eligible  
8           investment permitted by section 35-323.

9           L. A pool or a terminating member shall provide at least ninety days'  
10          written notice of the termination or cancellation. A workers' compensation  
11          pool shall notify the industrial commission of the termination or  
12          cancellation of a member thirty days before the termination or cancellation  
13          of the member.

14          M. The pool shall be audited annually at the expense of the pool by a  
15          certified public accountant, with a copy of the report submitted to the  
16          governing body or chief executive officer of each member of the pool and to  
17          the director of the department of insurance. The board of trustees of the  
18          pool shall obtain an appropriate actuarial evaluation of the claim reserves  
19          of the pool, including an estimate of the incurred but not reported claims.  
20          The department of insurance shall examine each public agency pool once every  
21          five years. The director of the department of insurance may examine a public  
22          agency pool sooner than five years from the preceding examination if the  
23          director has reason to believe that the pool is insolvent. The costs of any  
24          examination shall be paid by the pool subject to the examination.

25          N. If, as a result of the annual audit or an examination by the  
26          director of the department of insurance, it appears that the assets of the  
27          pool are insufficient to enable the pool to discharge its legal liabilities  
28          and other obligations, the director of the department of insurance shall  
29          notify the administrator and the board of trustees of the pool of the  
30          deficiency and the director's list of recommendations to abate the  
31          deficiency, including a recommendation not to add any new members until the  
32          deficiency is abated. If the pool fails to comply with the recommendations  
33          within sixty days after the date of the notice, the director shall notify the  
34          chief executive officer or the governing bodies, if any, of the members of  
35          the pool, the governor, the president of the senate and the speaker of the  
36          house of representatives that the pool has failed to comply with the  
37          recommendations of the director.

38          O. If a pool is determined to be insolvent or is otherwise found to be  
39          unable to discharge its legal liabilities and other obligations, each  
40          agreement or contract shall provide that the members of the pool shall be  
41          assessed on a pro rata basis as calculated by the amount of each member's  
42          annual contribution in order to satisfy the amount of deficiency. The  
43          assessment shall not exceed the amount of each member's annual contribution  
44          to the pool.

45          P. A pool established pursuant to this section may make available  
46          programs providing for insurance coverages described in subsections A, B and  
47          C of this section to those charter schools governed by section 15-183,



1 subsection M and, except for a workers' compensation pool, to private,  
2 nonprofit educational institutions.

3 Q. In addition to the authority set forth in this title, a pool  
4 established pursuant to this section may invest public monies on behalf of  
5 pool members, but any such investments shall be limited to those permitted by  
6 section 35-323, **EXCEPT AS PROVIDED IN SECTION 15-1225, SUBSECTION G.** A pool  
7 established pursuant to this section may not invest monies that are required  
8 by law to be deposited with a county treasurer.

9 R. A pool established pursuant to this section, by the adoption of a  
10 resolution of continuing effect, may authorize and request the state  
11 treasurer to invest funds for the pool pursuant to section 35-326.

12 S. For the purposes of this section, "health benefits plan" means a  
13 hospital or medical service corporation policy or certificate, a health care  
14 services corporation contract, a multiple employer welfare arrangement or any  
15 other arrangement under which health and medical benefits and services are  
16 provided to two or more persons.

17 Sec. 4. Section 15-105, Arizona Revised Statutes, is amended to read:

18 **15-105. Early graduation scholarship program; fund; program**  
19 **termination; definition**

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

23 B. The commission for postsecondary education shall develop  
24 application forms, procedures and deadlines to implement and administer the  
25 early graduation scholarship program in conjunction with the department of  
26 education and shall select eligible students each year for participation in  
27 the early graduation scholarship program. The school district or charter  
28 school that the student attends shall notify the department of education and  
29 the commission for postsecondary education if the student graduates at least  
30 one ~~semester~~ **YEAR** before the student's scheduled graduation date.

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

32 ~~1-~~ **1-** at least one year early shall receive a scholarship grant in an  
33 amount not to exceed one thousand two hundred fifty dollars or the actual  
34 cost of tuition, books and fees, whichever is less, in the first academic  
35 year of postsecondary instruction, and an amount not to exceed seven hundred  
36 fifty dollars or the actual cost of tuition, books and fees, whichever is  
37 less, in the second academic year of postsecondary instruction, to be used to  
38 pay all or a portion of the tuition, books and fees charged at a qualifying  
39 postsecondary institution for a maximum of two academic years, which must be  
40 completed within thirty-six months after the student's actual graduation date  
41 from high school. The amount of a scholarship grant awarded to a  
42 participating part-time student enrolled at least half-time for the academic  
43 year as defined in 20 United States Code section 1088 shall be prorated in  
44 accordance with the part-time status of the student.

45 ~~2. One semester early shall receive a scholarship grant in an amount~~  
46 ~~not to exceed one thousand dollars or the actual cost of tuition, books and~~  
47 ~~fees, whichever is less, in the first academic year of postsecondary~~  
48 ~~instruction, and an amount not to exceed five hundred dollars or the actual~~



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

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

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

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

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

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

E. The school district or charter school from which the student graduated shall include the student who graduates early in the school district's or charter school's student count until the student's class is scheduled to graduate and shall continue to receive per pupil funding minus two thousand two hundred dollars for a student who graduates at least one year early ~~or one thousand seven hundred dollars for a student who graduates one semester early, whichever is applicable,~~ until the student's class is scheduled to graduate. The school district or charter school shall place the per pupil funding received in the school district's or charter school's maintenance and operations fund.

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

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

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

G. The commission for postsecondary education shall make awards from the early graduation scholarship fund for payment of tuition, books and fees at qualifying postsecondary institutions to students who are selected to participate in the early graduation scholarship program on verification of

1 admission, enrollment and certification of the cost of each student's tuition  
2 and fees by the qualifying postsecondary institutions.

3 H. If the amount of monies available for scholarship grants in any  
4 fiscal year is insufficient to provide scholarship grants to all eligible  
5 applicants, the commission for postsecondary education shall award  
6 scholarship grants to eligible students in the order in which the  
7 applications were received by the commission, except that priority shall be  
8 given to eligible students who received a scholarship grant in the previous  
9 fiscal year and who are still in good academic standing at the same  
10 qualifying postsecondary institution or who transferred to a different  
11 qualifying postsecondary institution but remain in good academic standing at  
12 the previous qualifying postsecondary institution. The commission for  
13 postsecondary education shall maintain a waiting list for all other  
14 applicants.

15 I. A qualifying postsecondary institution shall notify the commission  
16 for postsecondary education if a student who has received a scholarship grant  
17 is no longer in good academic standing at the qualifying postsecondary  
18 institution or is no longer enrolled at the qualifying postsecondary  
19 institution.

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

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

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

32 2. Participate in the student's high school class graduation  
33 ceremonies.

34 L. The early graduation scholarship fund is established consisting of  
35 monies deposited pursuant to subsection F of this section and all repayments  
36 that are received pursuant to subsection J of this section. The commission  
37 for postsecondary education shall administer the fund. Monies in the fund  
38 are continuously appropriated and are exempt from the provisions of section  
39 35-190 relating to lapsing of appropriations. On notice from the commission,  
40 the state treasurer shall invest and divest monies in the fund as provided by  
41 section 35-313, and monies earned from the investment shall be credited to  
42 the fund. The commission may retain up to five per cent of the monies in the  
43 fund for administrative costs. The commission may hire up to two full-time  
44 equivalent positions for the implementation and administration of the early  
45 graduation scholarship program.

46 M. The commission for postsecondary education shall submit an annual  
47 report by December 1 to the governor, the president of the senate and the  
48 speaker of the house of representatives and a copy of the report shall be

submitted to the secretary of state and the director of the Arizona state library, archives and public records. The report shall contain at least the following:

1. The number of students who graduated at least one year early ~~and the number of students who graduated at least one semester early~~ for each year of implementation of the program by each school district and charter school.

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

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

4. The balance in the early graduation scholarship fund.

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

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

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

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

Renumber to conform

Page 4, line 1, strike "in twelve equal installments of"

Strike lines 2 and 3, insert "AS PRESCRIBED IN SECTION 15-973, SUBSECTION B."

Line 14, after "tuition" insert "FOR PUPILS WHO RESIDE IN THIS STATE"

Line 15, after the period, insert "A CHARTER SCHOOL MAY ADMIT PUPILS WHO ARE NOT RESIDENTS OF THIS STATE AND SHALL CHARGE TUITION FOR THOSE PUPILS IN THE SAME MANNER PRESCRIBED IN SECTION 15-823."

Page 8, between lines 2 and 3, insert:

"Sec. 6. Section 15-187, Arizona Revised Statutes, is amended to read:  
15-187. Charter schools; teachers; employment benefits

A. A teacher who is employed by or teaching at a charter school and who was previously employed as a teacher at a school district shall not lose any right of certification, retirement or salary status or any other benefit provided by law, by the rules of the governing board of the school district or by the rules of the board of directors of the charter school due to teaching at a charter school on the teacher's return to the school district.

B. A teacher who is employed by or teaching at a charter school and who submits an employment application to the school district where the teacher was employed immediately before employment by or at a charter school shall be given employment preference by the school district if both of the following conditions are met:

1. The teacher submits an employment application to the school district no later than three years after ceasing employment with the school district.

2. A suitable position is available at the school district.

1 C. A charter school that is sponsored by a school district governing  
2 board, the state board of education or the state board for charter schools is  
3 eligible to participate in the Arizona state retirement system pursuant to  
4 title 38, chapter 5, article 2. The charter school is a political  
5 subdivision of this state for purposes of title 38, chapter 5, article 2.

6 D. NOTWITHSTANDING ANY OTHER LAW, A CHARTER SCHOOL SHALL NOT ADOPT  
7 POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON  
8 TENURE OR SENIORITY.

9 Sec. 7. Section 15-203, Arizona Revised Statutes, is amended to read:

10 15-203. Powers and duties

11 A. The state board of education shall:

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

15 2. Keep a record of its proceedings.

16 3. Make rules for its own government.

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

18 5. Appoint its employees, on the recommendation of the superintendent  
19 of public instruction.

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

21 7. Delegate to the superintendent of public instruction the execution  
22 of board policies and rules.

23 8. Recommend to the legislature changes or additions to the statutes  
24 pertaining to schools.

25 9. Prepare, publish and distribute reports concerning the educational  
26 welfare of this state.

27 10. Prepare a budget for expenditures necessary for proper maintenance  
28 of the board and accomplishment of its purposes and present the budget to the  
29 legislature.

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

31 12. Prescribe a minimum course of study in the common schools, minimum  
32 competency requirements for the promotion of pupils from the third grade and  
33 minimum course of study and competency requirements for the promotion of  
34 pupils from the eighth grade. The state board of education shall prepare a  
35 fiscal impact statement of any proposed changes to the minimum course of  
36 study or competency requirements and, on completion, shall send a copy to the  
37 director of the joint legislative budget committee and the executive director  
38 of the school facilities board. The state board of education shall not adopt  
39 any changes in the minimum course of study or competency requirements in  
40 effect on July 1, 1998 that will have a fiscal impact on school capital  
41 costs.

42 13. Prescribe minimum course of study and competency requirements for  
43 the graduation of pupils from high school. The state board of education  
44 shall prepare a fiscal impact statement of any proposed changes to the  
45 minimum course of study or competency requirements and, on completion, shall  
46 send a copy to the director of the joint legislative budget committee and the  
47 executive director of the school facilities board. The state board of  
48 education shall not adopt any changes in the minimum course of study or

1 competency requirements in effect on July 1, 1998 that will have a fiscal  
2 impact on school capital costs.

3 14. Supervise and control the certification of persons engaged in  
4 instructional work directly as any classroom, laboratory or other teacher or  
5 indirectly as a supervisory teacher, speech therapist, principal or  
6 superintendent in a school district, including school district preschool  
7 programs, or any other educational institution below the community college,  
8 college or university level, and prescribe rules for certification, including  
9 rules for certification of teachers who have teaching experience and who are  
10 trained in other states, which are not unnecessarily restrictive and are  
11 substantially similar to the rules prescribed for the certification of  
12 teachers trained in this state. The rules shall require applicants for all  
13 certificates for common school instruction to complete a minimum of  
14 forty-five classroom hours or three college level credit hours, or the  
15 equivalent, of training in research based systematic phonics instruction from  
16 a public or private provider. The rules shall not require a teacher to  
17 obtain a master's degree or to take any additional graduate courses as a  
18 condition of certification or recertification. The rules shall allow a  
19 general equivalency diploma to be substituted for a high school diploma in  
20 the certification of emergency substitute teachers. **THE RULES SHALL ALLOW  
21 BUT SHALL NOT REQUIRE THE SUPERINTENDENT OF A SCHOOL DISTRICT TO OBTAIN  
22 CERTIFICATION FROM THE STATE BOARD OF EDUCATION.**

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

29 16. Adopt rules governing the methods for the administration of all  
30 proficiency examinations. **THE RULES SHALL NOT REQUIRE THE BUSINESS MANAGER  
31 OF A SCHOOL DISTRICT TO OBTAIN CERTIFICATION FROM THE STATE BOARD OF  
32 EDUCATION.**

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

35 18. Include within its budget the cost of contracting for the purchase,  
36 distribution and scoring of the examinations as provided in paragraphs 16 and  
37 17 of this subsection.

38 19. Supervise and control the qualifications of professional  
39 nonteaching school personnel and prescribe standards relating to  
40 qualifications.

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

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

1           22. Adopt a rule to promote braille literacy pursuant to section  
2 15-214.

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

6           24. For purposes of federal law, serve as the state board for  
7 vocational and technological education and meet at least four times each year  
8 solely to execute the powers and duties of the state board for vocational and  
9 technological education.

10          25. Develop and maintain a handbook for use in the schools of this  
11 state that provides guidance for the teaching of moral, civic and ethical  
12 education. The handbook shall promote existing curriculum frameworks and  
13 shall encourage school districts to recognize moral, civic and ethical values  
14 within instructional and programmatic educational development programs for  
15 the general purpose of instilling character and ethical principles in pupils  
16 in kindergarten programs and grades one through twelve.

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

22               We hold these truths to be self-evident, that all men are  
23 created equal, that they are endowed by their creator with  
24 certain unalienable rights, that among these are life, liberty  
25 and the pursuit of happiness. That to secure these rights,  
26 governments are instituted among men, deriving their just powers  
27 from the consent of the governed. . . .

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

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

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

39           (b) Currently resides in this state.

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

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

45          29. Cooperate with the Arizona-Mexico commission in the governor's  
46 office and with researchers at universities in this state to collect data and  
47 conduct projects in the United States and Mexico on issues that are within  
48 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 learning.  
15 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.

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

40 32. To facilitate the transfer of military personnel and their  
41 dependents to and from the public schools of this state, pursue, in  
42 cooperation with the Arizona board of regents, reciprocity agreements with  
43 other states concerning the transfer credits for military personnel and their  
44 dependents. A reciprocity agreement entered into pursuant to this paragraph  
45 shall:

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

47 (i) The transfer of student records.

48 (ii) Awarding credit for completed course work.



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

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

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

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

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

24 36. Adopt rules to prohibit a person who violates the notification  
25 requirements prescribed in section 15-183, subsection C, paragraph 6 or  
26 section 15-550, subsection C from certification pursuant to this title until  
27 the person is no longer charged or is acquitted of any offenses listed in  
28 section 41-1758.03, subsection B. The board shall also adopt rules to  
29 prohibit a person who violates the notification requirements, certification  
30 surrender requirements or fingerprint clearance card surrender requirements  
31 prescribed in section 15-183, subsection C, paragraph 7 or section 15-550,  
32 subsection D from certification pursuant to this title for at least ten years  
33 after the date of the violation.

34 37. ADOPT RULES FOR THE ALTERNATIVE CERTIFICATION OF TEACHERS OF  
35 NONTRADITIONAL FOREIGN LANGUAGES THAT ALLOW FOR THE PASSING OF A NATIONALLY  
36 ACCREDITED TEST TO SUBSTITUTE FOR THE EDUCATION COURSEWORK REQUIRED FOR  
37 CERTIFICATION.

38 B. The state board of education may:

39 1. Contract.

40 2. Sue and be sued.

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

43 4. Provide for an advisory committee to conduct hearings and  
44 screenings to determine whether grounds exist to impose disciplinary action  
45 against a certificated person, whether grounds exist to reinstate a revoked  
46 or surrendered certificate and whether grounds exist to approve or deny an  
47 initial application for certification or a request for renewal of a  
48 certificate. The board may delegate its responsibility to conduct hearings

1 and screenings to its advisory committee. Hearings shall be conducted  
2 pursuant to title 41, chapter 6, article 6.

3 5. Proceed with the disposal of any complaint requesting disciplinary  
4 action or with any disciplinary action against a person holding a certificate  
5 as prescribed in subsection A, paragraph 14 of this section after the  
6 suspension or expiration of the certificate or surrender of the certificate  
7 by the holder.

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

12 Sec. 8. Section 15-213, Arizona Revised Statutes, is amended to read:

13 15-213. Procurement practices of school districts and charter  
14 schools: definitions

15 A. The state board of education shall adopt rules prescribing  
16 procurement practices for all school districts in this state as follows:

17 1. The state board shall submit to the auditor general proposed rules  
18 consistent with the procurement practices prescribed in title 41, chapter 23,  
19 modifying the provisions for public notice of invitation for bids, requests  
20 for proposals and requests for qualifications to allow a governing board to  
21 give public notice of the invitation for bids, requests for proposals and  
22 requests for qualifications by publication in the official newspaper of the  
23 county as defined in section 11-255, modifying the provisions relating to  
24 disposal of materials to comply with section 15-342, paragraph 18, providing  
25 for governing board delegation of procurement authority and modifying as  
26 necessary other provisions ~~which~~ THAT the state board determines are not  
27 appropriate for school districts. The rules shall include provisions  
28 specifying that school districts are not required to engage in competitive  
29 bidding in order to make the decision to participate in programs pursuant to  
30 section 15-382 and that a program authorized by section 15-382 is not  
31 required to engage in competitive bidding for the services necessary to  
32 administer the program or for purchase of insurance or reinsurance. THE  
33 RULES SHALL INCLUDE PROVISIONS SPECIFYING THAT SCHOOL DISTRICTS ARE NOT  
34 REQUIRED TO ENGAGE IN COMPETITIVE BIDDING IN ORDER TO PLACE A PUPIL IN A  
35 PRIVATE SCHOOL THAT PROVIDES SPECIAL EDUCATION SERVICES IF SUCH PLACEMENT IS  
36 PRESCRIBED IN THE PUPIL'S INDIVIDUALIZED EDUCATION PROGRAM AND THE PRIVATE  
37 SCHOOL HAS BEEN APPROVED BY THE DEPARTMENT OF EDUCATION DIVISION OF SPECIAL  
38 EDUCATION PURSUANT TO SECTION 15-765, SUBSECTION D. The rules for  
39 procurement of construction projects shall include provisions specifying that  
40 surety bonds furnished as bid security and performance and payment bonds  
41 shall be executed and furnished as required by title 34, chapter 2 or 6, as  
42 applicable. The rules shall specify the total cost of a procurement that is  
43 subject to invitations for bids, requests for proposals and requests for  
44 clarification. The state board shall not exceed the aggregate dollar amount  
45 limits for procurements prescribed in section 41-2535.

46 2. The state board of education shall adopt rules for procurements  
47 involving construction not exceeding one hundred fifty thousand dollars,  
48 which shall be known as the simplified school construction procurement

1 program. At a minimum, the rules for a simplified construction procurement  
2 program shall require that:

3 (a) A list be maintained by each county school superintendent of  
4 persons who desire to receive solicitations to bid on construction projects  
5 to which additions shall be permitted throughout the year.

6 (b) The list of persons be available for public inspection.

7 (c) A performance bond and a payment bond as required by this section  
8 be provided for contracts for construction by contractors.

9 (d) All bids for construction be opened at a public opening and the  
10 bids shall remain confidential until the public opening.

11 (e) All persons desiring to submit bids be treated equitably and the  
12 information related to each project be available to all eligible persons.

13 (f) Competition for construction projects under the simplified school  
14 construction procurement program be encouraged to the maximum extent  
15 possible. At a minimum, a school district shall submit information on each  
16 project to all persons listed with the county school superintendent by any  
17 school district within that county.

18 (g) A provision, covenant, clause or understanding in, collateral to  
19 or affecting a construction contract that makes the contract subject to the  
20 laws of another state or that requires any litigation, arbitration or other  
21 dispute resolution proceeding arising from the contract to be conducted in  
22 another state is against this state's public policy and is void and  
23 unenforceable.

24 3. ~~On or before December 31, 2004,~~ The state board of education shall  
25 adopt rules for the procurement of goods and information services by school  
26 districts and charter schools using electronic, ~~on-line~~ ONLINE bidding. The  
27 rules adopted by the state board shall include the use of reverse auctions  
28 and shall be consistent with the procurement practices prescribed in title  
29 41, chapter 23, article 13, modifying as necessary those provisions and the  
30 rules adopted pursuant to that article that the state board determines are  
31 not appropriate for school districts and charter schools. Until the rules  
32 are adopted, school districts and charter schools may procure goods and  
33 information services pursuant to title 41, chapter 23, article 13 using the  
34 rules adopted by the department of administration in implementing that  
35 article.

36 4. The auditor general shall review the proposed rules to determine  
37 whether the rules are consistent with the procurement practices prescribed in  
38 title 41, chapter 23 and any modifications are required to adapt the  
39 procedures for school districts.

40 5. If the auditor general approves the proposed rules, the auditor  
41 general shall notify the state board in writing and the state board shall  
42 adopt such rules.

43 6. If the auditor general objects to the proposed rules, the auditor  
44 general shall notify the state board of the objections in writing and the  
45 state board, in adopting the rules, shall conform the proposed rules to meet  
46 the objections of the auditor general or revise the proposed rules to which  
47 an objection has been made and submit the revisions to the auditor general  
48 for approval.

1           B. After the bids submitted in response to an invitation for bids are  
2 opened and the award is made or after the proposals or qualifications are  
3 submitted in response to a request for proposals or a request for  
4 qualifications and the award is made, the governing board shall make  
5 available for public inspection all information, all bids, proposals and  
6 qualifications submitted and all findings and other information considered in  
7 determining whose bid conforms to the invitation for bids and will be the  
8 most advantageous with respect to price, conformity to the specifications and  
9 other factors or whose proposal or qualifications are to be selected for the  
10 award. The invitation for bids, request for proposals or request for  
11 qualifications shall include a notice that all information and bids,  
12 proposals and qualifications submitted will be made available for public  
13 inspection. The rules adopted by the state board shall prohibit the use in  
14 connection with procurement of specifications in any way proprietary to one  
15 supplier unless the specification includes all of the following:

16           1. A statement of the reasons why no other specification is  
17 practicable.

18           2. A description of the essential characteristics of the specified  
19 product.

20           3. A statement specifically permitting an acceptable alternative  
21 product to be supplied.

22           C. No project or purchase may be divided or sequenced into separate  
23 projects or purchases in order to avoid the limits prescribed by the state  
24 board under subsection A of this section.

25           D. A contract for the procurement of construction or construction  
26 services shall include a provision ~~which~~ THAT provides for negotiations  
27 between the school district and the contractor for the recovery of damages  
28 related to expenses incurred by the contractor for a delay for which the  
29 school district is responsible, which is unreasonable under the circumstances  
30 and which was not within the contemplation of the parties to the contract.  
31 This subsection shall not be construed to void any provision in the contract  
32 ~~which~~ THAT requires notice of delays, provides for arbitration or other  
33 procedure for settlement or provides for liquidated damages.

34           E. The auditor general may conduct discretionary reviews,  
35 investigations and audits of the financial and operational procurement  
36 activities of school districts, nonexempt charter schools and school  
37 purchasing cooperatives. The auditor general has final review and approval  
38 authority over all school district, nonexempt charter school and school  
39 purchasing cooperative audit contracts and any audit reports issued in  
40 accordance with this section.

41           F. In addition to the requirements of sections 15-914 and 15-914.01,  
42 school districts, nonexempt charter schools and school purchasing  
43 cooperatives, in connection with any audit conducted by a certified public  
44 accountant, shall contract for a systematic review of purchasing practices  
45 using methodology consistent with sampling guidelines established by the  
46 auditor general. The auditor general shall consider cost when establishing  
47 guidelines pursuant to this subsection and to the extent possible shall  
48 attempt to minimize the cost of the review. The purpose of the review is to

1 determine whether the school district, nonexempt charter school or school  
2 purchasing cooperative is in compliance with the procurement laws and  
3 applicable procurement rules of this state. A copy of the review shall be  
4 submitted ~~upon~~ ON completion to the auditor general. The auditor general may  
5 conduct discretionary reviews of school districts, nonexempt charter schools  
6 and school purchasing cooperatives not required to contract for independent  
7 audits.

8 G. The attorney general or county attorney has jurisdiction to enforce  
9 this section. The attorney general or county attorney may seek relief for  
10 any violation of this section through an appropriate civil or criminal action  
11 in superior court, including an action to enjoin a threatened or pending  
12 violation of this section and including an action to enforce compliance with  
13 any request for documents made by the auditor general pursuant to this  
14 section.

15 H. The department of education shall enact policies and procedures for  
16 the acceptance and disposition of complaints from the public regarding school  
17 procurement practices and shall forward all school procurement complaints to  
18 the attorney general.

19 I. The state board of education shall adopt, and the auditor general  
20 shall review, rules authorizing school districts to procure construction  
21 services by construction-manager-at-risk, design-build, qualified select  
22 bidders list and job-order-contracting methods of project delivery. ~~The~~  
23 ~~rules adopted shall require each school district that uses~~  
24 ~~construction-manager-at-risk, design-build, qualified select bidders list or~~  
25 ~~job-order-contracting to procure construction services to submit, on or~~  
26 ~~before January 15 of each year, a report to the secretary of state on the~~  
27 ~~benefits associated with the use of such procurement methods. The report~~  
28 ~~shall include the number of projects completed in the preceding calendar year~~  
29 ~~using that procurement method, the cost and description of each project and~~  
30 ~~an estimate of any cost savings or other benefits realized through the use of~~  
31 ~~that procurement method.~~

32 J. A school district or charter school may evaluate United States  
33 general services administration contracts for materials and services. The  
34 governing board or governing body may authorize purchases under a current  
35 contract for materials or services without complying with the requirements of  
36 the procurement rules adopted by the state board of education if the  
37 governing board or governing body determines in writing that all of the  
38 following apply:

39 1. The price for materials or services is equal to or less than the  
40 contractor's current federal supply contract price with the general services  
41 administration.

42 2. The contractor has indicated in writing that the contractor is  
43 willing to extend the current federal supply contract pricing, terms and  
44 conditions to the school district or charter school.

45 3. The purchase order adequately identifies the federal supply  
46 contract on which the order is based.

47 4. The purchase contract is cost effective and is in the best  
48 interests of the school district or charter school.

K. For the purposes of this section:

1. "Nonexempt charter school" means a charter school that is not exempted from procurement laws pursuant to section 15-183, subsection E, paragraph 6.

2. "School purchasing cooperative" means an entity engaged in cooperative purchasing as defined in section 41-2631.

3. "Total cost" means the cost of all materials and services, including the cost of labor performed by employees of the school district, for all construction as provided in subsection A of this section."

Renumber to conform

Page 8, between lines 17 and 18, insert:

"Sec. 10. Section 15-341, Arizona Revised Statutes, is amended to read:

15-341. General powers and duties; immunity; delegation

A. The governing board shall:

1. Prescribe and enforce policies and procedures for the governance of the schools, not inconsistent with law or rules prescribed by the state board of education.

~~2. Maintain the schools established by it for the attendance of each pupil for a period of not less than one hundred seventy five school days or two hundred school days, as applicable, or its equivalent as approved by the superintendent of public instruction for a school district operating on a year-round operation basis, to offer an educational program on the basis of a four day school week or to offer an alternative kindergarten program on the basis of a three day school week, in each school year, and if the funds of the district are sufficient, for a longer period, and as far as practicable with equal rights and privileges.~~

~~3.~~ 2. Exclude from schools all books, publications, papers or audiovisual materials of a sectarian, partisan or denominational character.

~~4.~~ 3. Manage and control the school property within its district.

~~5.~~ 4. Acquire school furniture, apparatus, equipment, library books and supplies for the use of the schools.

~~6.~~ 5. Prescribe the curricula and criteria for the promotion and graduation of pupils as provided in sections 15-701 and 15-701.01.

~~7.~~ 6. Furnish, repair and insure, at full insurable value, the school property of the district.

~~8.~~ 7. Construct school buildings on approval by a vote of the district electors.

~~9.~~ 8. Make in the name of the district conveyances of property belonging to the district and sold by the board.

~~10.~~ 9. Purchase school sites when authorized by a vote of the district at an election conducted as nearly as practicable in the same manner as the election provided in section 15-481 and held on a date prescribed in section 15-491, subsection E, but such authorization shall not necessarily specify the site to be purchased and such authorization shall not be necessary to exchange unimproved property as provided in section 15-342, paragraph 23.

~~11-~~ 10. Construct, improve and furnish buildings used for school purposes when such buildings or premises are leased from the national park service.

~~12-~~ 11. Purchase school sites or construct, improve and furnish school buildings from the proceeds of the sale of school property only on approval by a vote of the district electors.

~~13-~~ 12. Hold pupils to strict account for disorderly conduct on school property.

~~14-~~ 13. Discipline students for disorderly conduct on the way to and from school.

~~15-~~ 14. Except as provided in section 15-1224, deposit all monies received by the district as gifts, grants and devises with the county treasurer who shall credit the deposits as designated in the uniform system of financial records. If not inconsistent with the terms of the gifts, grants and devises given, any balance remaining after expenditures for the intended purpose of the monies have been made shall be used for reduction of school district taxes for the budget year, except that in the case of accommodation schools the county treasurer shall carry the balance forward for use by the county school superintendent for accommodation schools for the budget year.

~~16-~~ 15. Provide that, if a parent or legal guardian chooses not to accept a decision of the teacher as provided in section 15-521, paragraph 3, the parent or legal guardian may request in writing that the governing board review the teacher's decision. Nothing in this paragraph shall be construed to release school districts from any liability relating to a child's promotion or retention.

~~17-~~ 16. Provide for adequate supervision over pupils in instructional and noninstructional activities by certificated or noncertificated personnel.

~~18-~~ 17. Use school monies received from the state and county school apportionment exclusively for payment of salaries of teachers and other employees and contingent expenses of the district.

~~19-~~ 18. Make an annual report to the county school superintendent on or before October 1 each year in the manner and form and on the blanks prescribed by the superintendent of public instruction or county school superintendent. The board shall also make reports directly to the county school superintendent or the superintendent of public instruction whenever required.

~~20-~~ 19. Deposit all monies received by school districts other than student activities monies or monies from auxiliary operations as provided in sections 15-1125 and 15-1126 with the county treasurer to the credit of the school district except as provided in paragraph ~~21~~ 20 of this subsection and sections 15-1223 and 15-1224, and the board shall expend the monies as provided by law for other school funds.

~~21-~~ 20. Establish a bank account in which the board during a month may deposit miscellaneous monies received directly by the district. The board shall remit monies deposited in the bank account at least monthly to the county treasurer for deposit as provided in paragraph ~~20~~ 19 of this subsection and in accordance with the uniform system of financial records.



~~22. Employ an attorney admitted to practice in this state whose principal practice is in the area of commercial real estate, or a real estate broker who is licensed by this state and who is employed by a reputable commercial real estate company, to negotiate a lease of five or more years for the school district if the governing board decides to enter into a lease of five or more years as lessor of school buildings or grounds as provided in section 15-342, paragraph 7 or 10. Any lease of five or more years negotiated pursuant to this paragraph shall provide that the lessee is responsible for payment of property taxes pursuant to the requirements of section 42-11104.~~

~~23.~~ 21. Prescribe and enforce policies and procedures for disciplinary action against a teacher who engages in conduct that is a violation of the policies of the governing board but that is not cause for dismissal of the teacher or for revocation of the certificate of the teacher. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters.

~~24.~~ 22. Prescribe and enforce policies and procedures for disciplinary action against an administrator who engages in conduct that is a violation of the policies of the governing board regarding duties of administrators but that is not cause for dismissal of the administrator or for revocation of the certificate of the administrator. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters. For violations that are cause for dismissal, the provisions of notice, hearing and appeal in chapter 5, article 3 of this title shall apply. The filing of a timely request for a hearing suspends the imposition of a suspension without pay or a dismissal pending completion of the hearing.

~~25.~~ 23. Notwithstanding section 13-3108, prescribe and enforce policies and procedures that prohibit a person from carrying or possessing a weapon on school grounds unless the person is a peace officer or has obtained specific authorization from the school administrator.

~~26.~~ 24. Prescribe and enforce policies and procedures relating to the health and safety of all pupils participating in district sponsored practice sessions, games or other interscholastic athletic activities, including the provision of water.

~~27.~~ 25. Prescribe and enforce policies and procedures regarding the smoking of tobacco within school buildings. The policies and procedures shall be adopted in consultation with school district personnel and members of the community and shall state whether smoking is prohibited in school buildings. If smoking in school buildings is not prohibited, the policies

1 and procedures shall clearly state the conditions and circumstances under  
2 which smoking is permitted, those areas in a school building that may be  
3 designated as smoking areas and those areas in a school building that may not  
4 be designated as smoking areas.

5 ~~28.~~ 26. Establish an assessment, data gathering and reporting system  
6 as prescribed in chapter 7, article 3 of this title.

7 ~~29.~~ 27. Provide special education programs and related services  
8 pursuant to section 15-764, subsection A to all children with disabilities as  
9 defined in section 15-761.

10 ~~30.~~ 28. Administer competency tests prescribed by the state board of  
11 education for the graduation of pupils from high school.

12 ~~31.~~ 29. ~~Secure~~ ENSURE THAT insurance coverage IS SECURED for all  
13 construction projects for purposes of general liability, property damage and  
14 workers' compensation and secure performance and payment bonds for all  
15 construction projects.

16 ~~32.~~ 30. Keep on file the resumes of all current and former employees  
17 who provide instruction to pupils at a school. Resumes shall include an  
18 individual's educational and teaching background and experience in a  
19 particular academic content subject area. A school district shall inform  
20 parents and guardians of the availability of the resume information and shall  
21 make the resume information available for inspection on request of parents  
22 and guardians of pupils enrolled at a school. Nothing in this paragraph  
23 shall be construed to require any school to release personally identifiable  
24 information in relation to any teacher or employee, including the teacher's  
25 or employee's address, salary, social security number or telephone number.

26 ~~33.~~ 31. Report to local law enforcement agencies any suspected crime  
27 against a person or property that is a serious offense as defined in section  
28 13-706 or that involves a deadly weapon or dangerous instrument or serious  
29 physical injury and any conduct that poses a threat of death or serious  
30 physical injury to employees, students or anyone on the property of the  
31 school. This paragraph does not limit or preclude the reporting by a school  
32 district or an employee of a school district of suspected crimes other than  
33 those required to be reported by this paragraph. For the purposes of this  
34 paragraph, "dangerous instrument", "deadly weapon" and "serious physical  
35 injury" have the same meanings prescribed in section 13-105.

36 ~~34.~~ 32. In conjunction with local law enforcement agencies and local  
37 medical facilities, develop an emergency response plan for each school in the  
38 school district in accordance with minimum standards developed jointly by the  
39 department of education and the division of emergency management within the  
40 department of emergency and military affairs.

41 ~~35. Annually assign at least one school district employee to~~  
42 ~~participate in a multihazard crisis training program developed or selected by~~  
43 ~~the governing board.~~

44 ~~36.~~ 33. Provide written notice to the parents or guardians of all  
45 students affected in the school district at least thirty days prior to a  
46 public meeting to discuss closing a school within the school district. The  
47 notice shall include the reasons for the proposed closure and the time and  
48 place of the meeting. The governing board shall fix a time for a public

1 meeting on the proposed closure no less than thirty days before voting in a  
2 public meeting to close the school. The school district governing board  
3 shall give notice of the time and place of the meeting. At the time and  
4 place designated in the notice, the school district governing board shall  
5 hear reasons for or against closing the school. The school district  
6 governing board is exempt from this paragraph if it is determined by the  
7 governing board that the school shall be closed because it poses a danger to  
8 the health or safety of the pupils or employees of the school.

9 ~~37.~~ 34. Incorporate instruction on Native American history into  
10 appropriate existing curricula.

11 ~~38.~~ 35. Prescribe and enforce policies and procedures allowing pupils  
12 who have been diagnosed with anaphylaxis by a health care provider licensed  
13 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse  
14 practitioner licensed and certified pursuant to title 32, chapter 15 to carry  
15 and self-administer emergency medications, including auto-injectable  
16 epinephrine, while at school and at school sponsored activities. The pupil's  
17 name on the prescription label on the medication container or on the  
18 medication device and annual written documentation from the pupil's parent or  
19 guardian to the school that authorizes possession and self-administration is  
20 sufficient proof that the pupil is entitled to the possession and  
21 self-administration of the medication. The policies shall require a pupil  
22 who uses auto-injectable epinephrine while at school and at school sponsored  
23 activities to notify the nurse or the designated school staff person of the  
24 use of the medication as soon as practicable. A school district and its  
25 employees are immune from civil liability with respect to all decisions made  
26 and actions taken that are based on good faith implementation of the  
27 requirements of this paragraph, except in cases of wanton or wilful neglect.

28 ~~39.~~ 36. Allow the possession and self-administration of prescription  
29 medication for breathing disorders in handheld inhaler devices by pupils who  
30 have been prescribed that medication by a health care professional licensed  
31 pursuant to title 32. The pupil's name on the prescription label on the  
32 medication container or on the handheld inhaler device and annual written  
33 documentation from the pupil's parent or guardian to the school that  
34 authorizes possession and self-administration shall be sufficient proof that  
35 the pupil is entitled to the possession and self-administration of the  
36 medication. A school district and its employees are immune from civil  
37 liability with respect to all decisions made and actions taken that are based  
38 on a good faith implementation of the requirements of this paragraph.

39 ~~40.~~ 37. Prescribe and enforce policies and procedures to prohibit  
40 pupils from harassing, intimidating and bullying other pupils on school  
41 grounds, on school property, on school buses, at school bus stops and at  
42 school sponsored events and activities that include the following components:

43 (a) A procedure for pupils to confidentially report to school  
44 officials incidents of harassment, intimidation or bullying.

45 (b) A procedure for parents and guardians of pupils to submit written  
46 reports to school officials of suspected incidents of harassment,  
47 intimidation or bullying.

1 (c) A requirement that school district employees report suspected  
2 incidents of harassment, intimidation or bullying to the appropriate school  
3 official.

4 (d) A formal process for the documentation of reported incidents of  
5 harassment, intimidation or bullying, ~~except that no documentation shall be~~  
6 ~~maintained unless the harassment, intimidation or bullying has been proven~~  
7 AND FOR THE CONFIDENTIALITY, MAINTENANCE AND DISPOSITION OF THIS  
8 DOCUMENTATION. IF A SCHOOL MAINTAINS DOCUMENTATION OF REPORTED INCIDENTS OF  
9 HARASSMENT, INTIMIDATION OR BULLYING, THE SCHOOL SHALL NOT USE THAT  
10 DOCUMENTATION TO IMPOSE DISCIPLINARY ACTION UNLESS THE APPROPRIATE SCHOOL  
11 OFFICIAL HAS INVESTIGATED AND DETERMINED THAT THE REPORTED INCIDENTS OF  
12 HARASSMENT, INTIMIDATION OR BULLYING OCCURRED.

13 (e) A formal process for the investigation by the appropriate school  
14 officials of suspected incidents of harassment, intimidation or bullying.

15 (f) Disciplinary procedures for pupils who have admitted or been found  
16 to have committed incidents of harassment, intimidation or bullying.

17 (g) A procedure that sets forth consequences for submitting false  
18 reports of incidents of harassment, intimidation or bullying.

19 ~~41-~~ 38. Prescribe and enforce policies and procedures regarding  
20 changing or adopting attendance boundaries that include the following  
21 components:

22 (a) A procedure for holding public meetings to discuss attendance  
23 boundary changes or adoptions that allows public comments.

24 (b) A procedure to notify the parents or guardians of the students  
25 affected.

26 (c) A procedure to notify the residents of the households affected by  
27 the attendance boundary changes.

28 (d) A process for placing public meeting notices and proposed maps on  
29 the school district's website for public review, if the school district  
30 maintains a website.

31 (e) A formal process for presenting the attendance boundaries of the  
32 affected area in public meetings that allows public comments.

33 (f) A formal process for notifying the residents and parents or  
34 guardians of the affected area as to the decision of the governing board on  
35 the school district's website, if the school district maintains a website.

36 (g) A formal process for updating attendance boundaries on the school  
37 district's website within ninety days of an adopted boundary change. The  
38 school district shall send a direct link to the school district's attendance  
39 boundaries website to the department of real estate.

40 (h) If the land that a school was built on was donated within the past  
41 five years, a formal process to notify the entity that donated the land  
42 affected by the decision of the governing board.

43 ~~42-~~ 39. If the state board of education determines that the school  
44 district has committed an overexpenditure as defined in section 15-107,  
45 provide a copy of the fiscal management report submitted pursuant to section  
46 15-107, subsection H on its website and make copies available to the public  
47 on request. The school district shall comply with a request within five  
48 business days after receipt.

1           B. Notwithstanding subsection A, paragraphs ~~8- 7~~, ~~10 9~~ and ~~12 11~~ of  
2 this section, the county school superintendent may construct, improve and  
3 furnish school buildings or purchase or sell school sites in the conduct of  
4 an accommodation school.

5           C. If any school district acquires real or personal property, whether  
6 by purchase, exchange, condemnation, gift or otherwise, the governing board  
7 shall pay to the county treasurer any taxes on the property that were unpaid  
8 as of the date of acquisition, including penalties and interest. The lien  
9 for unpaid delinquent taxes, penalties and interest on property acquired by a  
10 school district:

11           1. Is not abated, extinguished, discharged or merged in the title to  
12 the property.

13           2. Is enforceable in the same manner as other delinquent tax liens.

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

25           E. A school district, its governing board members, its school council  
26 members and its employees are immune from civil liability for the  
27 consequences of adoption and implementation of policies and procedures  
28 pursuant to subsection A of this section and section 15-342. This waiver  
29 does not apply if the school district, its governing board members, its  
30 school council members or its employees are guilty of gross negligence or  
31 intentional misconduct.

32           F. A governing board may delegate in writing to a superintendent,  
33 principal or head teacher the authority to prescribe procedures that are  
34 consistent with the governing board's policies.

35           G. Notwithstanding any other provision of this title, a school  
36 district governing board shall not take any action that would result in an  
37 immediate reduction or a reduction within three years of pupil square footage  
38 that would cause the school district to fall below the minimum adequate gross  
39 square footage requirements prescribed in section 15-2011, subsection C,  
40 unless the governing board notifies the school facilities board established  
41 by section 15-2001 of the proposed action and receives written approval from  
42 the school facilities board to take the action. A reduction includes an  
43 increase in administrative space that results in a reduction of pupil square  
44 footage or sale of school sites or buildings, or both. A reduction includes  
45 a reconfiguration of grades that results in a reduction of pupil square  
46 footage of any grade level. This subsection does not apply to temporary  
47 reconfiguration of grades to accommodate new school construction if the  
48 temporary reconfiguration does not exceed one year. The sale of equipment

1 that results in an immediate reduction or a reduction within three years that  
2 falls below the equipment requirements prescribed in section 15-2011,  
3 subsection B is subject to commensurate withholding of school district  
4 capital outlay revenue limit monies pursuant to the direction of the school  
5 facilities board. Except as provided in section 15-342, paragraph 10,  
6 proceeds from the sale of school sites, buildings or other equipment shall be  
7 deposited in the school plant fund as provided in section 15-1102.

8 H. Subsections C through G of this section apply to a county board of  
9 supervisors and a county school superintendent when operating and  
10 administering an accommodation school.

11 ~~I. Until the state board of education and the auditor general adopt~~  
12 ~~rules pursuant to section 15-213, subsection I, a school district may procure~~  
13 ~~construction services, including services for new school construction~~  
14 ~~pursuant to section 15-2041, by the construction manager at risk,~~  
15 ~~design build and job order contracting methods of project delivery as~~  
16 ~~provided in title 41, chapter 23, except that the rules adopted by the~~  
17 ~~director of the department of administration do not apply to procurements~~  
18 ~~pursuant to this subsection. Any procurement commenced pursuant to this~~  
19 ~~subsection may be completed pursuant to this subsection."~~

20 Renumber to conform

21 Page 9, line 16, strike "8" insert "7"

22 Page 11, line 16, after the period insert "INTERGOVERNMENTAL AGREEMENTS AND  
23 CONTRACTS BETWEEN SCHOOL DISTRICTS OR BETWEEN A SCHOOL DISTRICT AND OTHER  
24 GOVERNING BODIES AS PROVIDED IN SECTION 11-952 ARE EXEMPT FROM COMPETITIVE  
25 BIDDING UNDER THE PROCUREMENT RULES ADOPTED BY THE STATE BOARD OF EDUCATION  
26 PURSUANT TO SECTION 15-213."

27 Line 27, strike "23 and 24" insert "21 and 22"

28 Page 13, line 14, strike "8 an 10" insert "7 and 9"

29 Page 14, line 22, after "reversion" insert a period strike remainder of line

30 Strike lines 23 through 31

31 Page 18, line 2, after the period insert "THE GOVERNING BOARD HAS DISCRETION TO  
32 DECLINE SPECIFIC ADVERTISEMENTS."

33 Between lines 8 and 9, insert:

34 "Sec. 12. Section 15-481, Arizona Revised Statutes, is amended to  
35 read:

36 15-481. Override election; budget increases; notice; ballot;  
37 effect

38 A. If a proposed budget of a school district exceeds the aggregate  
39 budget limit for the budget year, at least ninety days before the proposed  
40 election the governing board shall order an override election to be held on  
41 the first Tuesday following the first Monday in November as prescribed by  
42 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of  
43 presenting the proposed budget to the qualified electors of the school  
44 district who ~~shall~~ by a majority of those voting either **SHALL** affirm or  
45 reject the budget. In addition, the governing board shall prepare an  
46 alternate budget which does not include an increase in the budget of more  
47 than the amount permitted as provided in section 15-905. If the qualified  
48 electors approve the proposed budget, the governing board of the school

1 district shall follow the procedures prescribed in section 15-905 for  
2 adopting a budget that includes the authorized increase. If the qualified  
3 electors disapprove the proposed budget, the governing board shall follow the  
4 procedures prescribed in section 15-905 for adopting a budget that does not  
5 include the proposed increase or the portion of the proposed increase that  
6 exceeds the amount authorized by a previously approved budget increase as  
7 prescribed in subsection P of this section.

8 B. The county school superintendent shall prepare an informational  
9 report on the proposed increase in the budget and a sample ballot and, at  
10 least forty days prior to the election, shall transmit the report and the  
11 sample ballot to the governing board of the school district. The governing  
12 board, upon receipt of the report and the ballot, shall mail or distribute  
13 the report and the ballot to the households in which qualified electors  
14 reside within the school district at least thirty-five days prior to the  
15 election. Any distribution of material concerning the proposed increase in  
16 the budget shall not be conducted by children enrolled in the school  
17 district. The report shall contain the following information:

- 18 1. The date of the election.
- 19 2. The voter's polling place and the times it is open.
- 20 3. The proposed total increase in the budget which exceeds the amount  
21 permitted pursuant to section 15-905.

- 22 4. The total amount of the current year's budget, the total amount of  
23 the proposed budget and the total amount of the alternate budget.

- 24 5. If the override is for a period of more than one year, a statement  
25 indicating the number of years the proposed increase in the budget would be  
26 in effect and the percentage of the school district's revenue control limit  
27 that the district is requesting for the future years.

- 28 6. The proposed total amount of revenues which will fund the increase  
29 in the budget and the amount which will be obtained from a levy of taxes upon  
30 the taxable property within the school district for the first year for which  
31 the budget increase was adopted.

- 32 7. The proposed amount of revenues which will fund the increase in the  
33 budget and which will be obtained from other than a levy of taxes upon the  
34 taxable property within the school district for the first year for which the  
35 budget increase was adopted.

- 36 8. The dollar amount and the purpose for which the proposed increase  
37 in the budget is to be expended for the first year for which the budget  
38 increase was adopted.

- 39 9. At least two arguments, if submitted, but no more than ten  
40 arguments for and two arguments, if submitted, but no more than ten arguments  
41 against the proposed increase in the budget. The arguments shall be in a  
42 form prescribed by the county school superintendent, and each argument shall  
43 not exceed two hundred words. Arguments for the proposed increase in the  
44 budget shall be provided in writing and signed by the governing board. If  
45 submitted, additional arguments in favor of the proposed increase in the  
46 budget shall be provided in writing and signed by those in favor. Arguments  
47 against the proposed increase in the budget shall be provided in writing and  
48 signed by those in opposition. The names of those persons other than the



governing board or superintendent submitting written arguments shall not be included in the report without their specific permission, but shall be made available only upon request to the county school superintendent. The county school superintendent shall review all factual statements contained in the written arguments and correct any inaccurate statements of fact. The superintendent shall not review and correct any portion of the written arguments which are identified as statements of the author's opinion. The county school superintendent shall make the written arguments available to the public as provided in title 39, chapter 1, article 2. A deadline for submitting arguments to be included in the informational report shall be set by the county school superintendent.

10. A statement that the alternate budget shall be adopted by the governing board if the proposed budget is not adopted by the qualified electors of the school district.

11. The full cash value, the assessed valuation, the first year tax rate for the proposed override and the estimated amount of the secondary property taxes if the proposed budget is adopted for each of the following:

(a) An owner-occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

(b) An owner-occupied residence whose assessed valuation is one-half of the assessed valuation of the residence in subdivision (a) of this paragraph.

(c) An owner-occupied residence whose assessed valuation is twice the assessed valuation of the residence in subdivision (a) of this paragraph.

(d) A business whose assessed valuation is the average of the assessed valuation of property classified as class one, as prescribed by section 42-12001, paragraphs 12 and 13 for the current year in the school district.

12. If the election is conducted pursuant to subsection L or M of this section, the following information:

(a) An executive summary of the school district's most recent capital improvement plan submitted to the school facilities board.

(b) A complete list of each proposed capital improvement that will be funded with the budget increase and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at eighty thousand dollars.

C. For the purpose of this section, the school district may use its staff, equipment, materials, buildings or other resources only to distribute the informational report at the school district office or at public hearings and to produce such information as required in subsection B of this section, provided that nothing in this subsection shall preclude school districts from holding or participating in any public hearings at which testimony is given by at least one person for the proposed increase and one person against the proposed increase. Any written information provided by the district pertaining to the override election shall include financial information

1 showing the estimated first year tax rate for the proposed budget override  
2 amount.

3 D. If any amount of the proposed increase will be funded by a levy of  
4 taxes in the district, the election prescribed in subsection A of this  
5 section shall be held on the first Tuesday following the first Monday in  
6 November as prescribed by section 16-204, subsection B, paragraph 1,  
7 subdivision (d). If the proposed increase will be fully funded by revenues  
8 from other than a levy of taxes, the elections prescribed in subsection A of  
9 this section shall be held on any date prescribed by section 16-204. The  
10 elections shall be conducted as nearly as practicable in the manner  
11 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and  
12 section 15-426, relating to special elections, except that:

13 1. The notices required pursuant to section 15-403 shall be posted not  
14 less than twenty-five days before the election.

15 2. Ballots shall be counted pursuant to title 16, chapter 4,  
16 article 10.

17 E. If the election is to exceed the revenue control limit and if the  
18 proposed increase will be fully funded by a levy of taxes upon the taxable  
19 property within the school district, the ballot shall contain the words  
20 "budget increase, yes" and "budget increase, no", and the voter shall signify  
21 his desired choice. The ballot shall also contain the amount of the proposed  
22 increase of the proposed budget over the alternate budget, a statement that  
23 the amount of the proposed increase will be based on a percentage of the  
24 school district's revenue control limit in future years, if applicable, as  
25 provided in subsection P of this section and the following statement:

26 Any budget increase authorized by this election shall be  
27 entirely funded by a levy of taxes upon the taxable property  
28 within this school district for the year for which adopted and  
29 for \_\_\_\_ subsequent years, shall not be realized from monies  
30 furnished by the state and shall not be subject to the limitation  
31 on taxes specified in article IX, section 18, Constitution of  
32 Arizona. Based on an estimate of assessed valuation used for  
33 secondary property tax purposes, to fund the proposed increase in  
34 the school district's budget would require an estimated tax rate  
35 of \_\_\_\_\_ dollar per one hundred dollars of assessed  
36 valuation used for secondary property tax purposes and is in  
37 addition to the school district's tax rate which will be levied  
38 to fund the school district's revenue control limit allowed by  
39 law.

40 F. If the election is to exceed the revenue control limit and if the  
41 proposed increase will be fully funded by revenues from other than a levy of  
42 taxes upon the taxable property within the school district, the ballot shall  
43 contain the words "budget increase, yes" and "budget increase, no", and the  
44 voter shall signify the voter's desired choice. The ballot shall also  
45 contain:

46 1. The amount of the proposed increase of the proposed budget over the  
47 alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for \_\_\_\_\_ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. IF A SCHOOL DISTRICT REQUESTS AN OVERRIDE PURSUANT TO SECTION 15-482 OR TO CONTINUE WITH A BUDGET OVERRIDE PURSUANT TO SECTION 15-482 FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE THAT WAS AUTHORIZED BEFORE DECEMBER 31, 2008, THE MAXIMUM BUDGET INCREASE THAT MAY BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION E OR F OF THIS SECTION OR THE COMBINATION OF SUBSECTIONS E AND F OF THIS SECTION IS TEN PER CENT OF THE REVENUE CONTROL LIMIT AS PROVIDED IN SECTION 15-947, SUBSECTION A FOR THE BUDGET YEAR.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

|         |              |                        |                  |            |
|---------|--------------|------------------------|------------------|------------|
|         | Small School | Support Level Weight   |                  | Phase Down |
| Student | Student      | for Small Isolated     |                  | Reduction  |
| Count   | Count Limit  | School Districts       | Base Level       | Factor     |
| _____   | - 125        | 1.358 + (0.0005 x      | x \$ _____       | = \$ _____ |
|         |              | (500 - Student Count)) |                  |            |
|         | Phase Down   | Phase Down             | Small Isolated   |            |
|         | Base         | Reduction Factor       | School District  |            |
|         | \$150,000    | \$ _____               | Elementary Limit |            |
|         |              | =                      | \$ _____         |            |

1 (ii)

2 Small School Support Level Weight Phase Down

3 Student Student for Small Reduction

4 Count Count Limit School Districts Base Level Factor

5 \_\_\_\_\_ - 125 x 1.278 + (0.0003 x x \$ = \$

6 (500 - Student Count))

7 Small

8 Phase Down Phase Down School District

9 Base Reduction Factor Elementary Limit

10 \$150,000 - \$ = \$

11 (b) For unified or union high school districts with a student count of

12 less than one hundred seventy-six in grades nine through twelve, the limit

13 computed as prescribed in item (i) or (ii) of this subdivision, whichever is

14 appropriate:

15 (i)

16 Small School Support Level Weight Phase Down

17 Student Student for Small Isolated Reduction

18 Count Count Limit School Districts Base Level Factor

19 \_\_\_\_\_ - 100 x 1.468 + (0.0005 x x \$ = \$

20 (500 - Student Count))

21 Small Isolated

22 Phase Down Phase Down District

23 Base Reduction Factor Secondary Limit

24 \$350,000 - \$ = \$

25 (ii)

26 Small School Support Level Weight Phase Down

27 Student Student for Small Reduction

28 Count Count Limit School Districts Base Level Factor

29 \_\_\_\_\_ - 100 x 1.398 + (0.0004 x x \$ = \$

30 (500 - Student Count))

31 Small

32 Phase Down Phase Down School District

33 Base Reduction Factor Secondary Limit

34 \$350,000 - \$ = \$

35 (c) If both subdivisions (a) and (b) of this paragraph apply to a

36 unified school district, its limit for the purposes of this paragraph is the

37 combination of its elementary limit and its secondary limit.

38 (d) If only subdivision (a) or (b) of this paragraph applies to a

39 unified school district, the district's limit for the purposes of this

40 paragraph is the sum of the limit computed as provided in subdivision (a) or

41 (b) of this paragraph plus ten per cent of the revenue control limit

42 attributable to those grade levels that do not meet the eligibility

43 requirements of this subsection. If a school district budgets monies outside

44 the revenue control limit pursuant to section 15-949, subsection E, the

45 district's limit for the purposes of this paragraph is only the ten per cent

46 of the revenue control limit attributable to those grade levels that are not

47 included under section 15-949, subsection E. For the purposes of this

48 subdivision, the revenue control limit is separated into elementary and

1 secondary components based on the weighted student count as provided in  
2 section 15-971, subsection B, paragraph 2, subdivision (a).

3 2. If a school district utilizes ~~the provisions of~~ this subsection to  
4 request an override of more than one year, the ballot shall include an  
5 estimate of the amount of the proposed increase in the future years in place  
6 of the statement that the amount of the proposed increase will be based on a  
7 percentage of the school district's revenue control limit in future years, as  
8 prescribed in subsections E and F of this section.

9 3. Notwithstanding subsection P of this section, the maximum period of  
10 an override authorized pursuant to this subsection is five years.

11 4. Subsection P, paragraphs 1 and 2 of this section do not apply to  
12 overrides authorized pursuant to this subsection.

13 I. If the election is to exceed the revenue control limit as provided  
14 in section 15-482 and if the proposed increase will be fully funded by a levy  
15 of taxes on the taxable property within the school district, the ballot shall  
16 contain the words "budget increase, yes" and "budget increase, no", and the  
17 voter shall signify the voter's desired choice. The ballot shall also  
18 contain the amount of the proposed increase of the budget over the alternate  
19 budget, a statement that the amount of the proposed increase will be based on  
20 a percentage of the school district's revenue control limit in future years,  
21 if applicable, as provided in subsection Q of this section, and the following  
22 statement:

23 Any budget increase authorized by this election shall be  
24 entirely funded by a levy of taxes on the taxable property within  
25 this school district for the year for which adopted and for \_\_\_\_\_  
26 subsequent years, shall not be realized from monies furnished by  
27 the state and shall not be subject to the limitation on taxes  
28 specified in article IX, section 18, Constitution of Arizona.  
29 Based on an estimate of assessed valuation used for secondary  
30 property tax purposes, to fund the proposed increase in the  
31 school district's budget which will be funded by a levy of taxes  
32 upon the taxable property within this school district would  
33 require an estimated tax rate of \_\_\_\_\_ dollar per one  
34 hundred dollars of assessed valuation used for secondary property  
35 tax purposes and is in addition to the school district's tax rate  
36 that will be levied to fund the school district's revenue control  
37 limit allowed by law.

38 J. If the election is to exceed the revenue control limit as provided  
39 in section 15-482 and if the proposed increase will be fully funded by  
40 revenues other than a levy of taxes on the taxable property within the school  
41 district, the ballot shall contain the words "budget increase, yes" and  
42 "budget increase, no", and the voter shall signify the voter's desired  
43 choice. The ballot shall also contain the amount of the proposed increase of  
44 the proposed budget over the alternate budget, a statement that the amount of  
45 the proposed increase will be based on a percentage of the school district's  
46 revenue control limit in future years, if applicable, as provided in  
47 subsection Q of this section and the following statement:

1 Any budget increase authorized by this election shall be  
2 entirely funded by this school district with revenues from other  
3 than a levy of taxes on the taxable property within the school  
4 district for the year for which adopted and for \_\_\_\_ subsequent  
5 years and shall not be realized from monies furnished by the  
6 state.

7 K. The maximum budget increase that may be requested and authorized as  
8 provided in subsection I or J of this section, or a combination of both of  
9 these subsections, is five per cent of the revenue control limit as provided  
10 in section 15-947, subsection A for the budget year. For ~~a unified school~~  
11 ~~district~~, a common school district not within a high school district or a  
12 common school district within a high school district that offers instruction  
13 in high school subjects as provided in section 15-447, five per cent of the  
14 revenue control limit means five per cent of the revenue control limit  
15 attributable to the weighted student count in preschool programs for children  
16 with disabilities, kindergarten programs and grades one through eight as  
17 provided in section 15-971, subsection B. FOR A UNIFIED SCHOOL DISTRICT,  
18 FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE  
19 CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN PRESCHOOL  
20 PROGRAMS FOR CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE  
21 THROUGH TWELVE. FOR A UNION HIGH SCHOOL DISTRICT, FIVE PER CENT OF THE  
22 REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE CONTROL LIMIT  
23 ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN GRADES NINE THROUGH TWELVE.

24 L. If the election is to exceed the capital outlay revenue limit and  
25 if the proposed increase will be fully funded by a levy of taxes upon the  
26 taxable property within the school district, the ballot shall contain the  
27 words "budget increase, yes" and "budget increase, no", and the voter shall  
28 signify the voter's desired choice. An election held pursuant to this  
29 subsection shall be held on the first Tuesday after the first Monday of  
30 November. The ballot shall also contain the amount of the proposed increase  
31 of the proposed budget over the alternate budget and the following statement:

32 Any budget increase authorized by this election shall be  
33 entirely funded by a levy of taxes upon the taxable property  
34 within this school district for the year in which adopted and for  
35 \_\_\_\_ subsequent years, shall not be realized from monies  
36 furnished by the state and shall not be subject to the limitation  
37 on taxes specified in article IX, section 18, Constitution of  
38 Arizona. Based on an estimate of assessed valuation used for  
39 secondary property tax purposes, to fund the proposed increase in  
40 the school district's budget would require an estimated tax rate  
41 of \_\_\_\_\_ dollar per one hundred dollars of assessed  
42 valuation used for secondary property tax purposes and is in  
43 addition to the school district's tax rate which will be levied  
44 to fund the school district's capital outlay revenue limit  
45 allowed by law.

1 M. If the election is to exceed the capital outlay revenue limit and  
2 if the proposed increase will be fully funded by revenues from other than a  
3 levy of taxes upon the taxable property within the school district, the  
4 ballot shall contain the words "budget increase, yes" and "budget increase,  
5 no", and the voter shall signify the voter's desired choice. An election  
6 held pursuant to this subsection shall be held on the first Tuesday after the  
7 first Monday of November. The ballot shall also contain the amount of the  
8 proposed increase of the proposed budget over the alternate budget and the  
9 following statement:

10 Any budget increase authorized by this election shall be  
11 entirely funded by this school district with revenues from other  
12 than a levy of taxes on the taxable property within the school  
13 district for the year in which adopted and for \_\_\_\_\_ subsequent  
14 years and shall not be realized from monies furnished by the  
15 state.

16 N. If the election is to exceed a combination of the revenue control  
17 limit as provided in subsection E or F of this section, the revenue control  
18 limit as provided in subsection I or J of this section or the capital outlay  
19 revenue limit as provided in subsection L or M of this section, the ballot  
20 shall be prepared so that the voters may vote on each proposed increase  
21 separately and shall contain statements required in the same manner as if  
22 each proposed increase were submitted separately.

23 O. If the election provides for a levy of taxes on the taxable  
24 property within the school district, at least thirty days prior to the  
25 election, the department of revenue shall provide the school district  
26 governing board and the county school superintendent with an estimate of the  
27 school district's assessed valuation used for secondary property tax purposes  
28 for the ensuing fiscal year. The governing board and the county school  
29 superintendent shall use this estimate to translate the amount of the  
30 proposed dollar increase in the budget of the school district over that  
31 allowed by law into a tax rate figure.

32 P. If the voters in a school district vote to adopt a budget in excess  
33 of the revenue control limit as provided in subsection E or F of this  
34 section, any additional increase shall be included in the aggregate budget  
35 limit for each of the years authorized. Any additional increase shall be  
36 excluded from the determination of equalization assistance. The school  
37 district governing board ~~may~~, however, MAY levy on the assessed valuation  
38 used for secondary property tax purposes of the property in the school  
39 district the additional increase if adopted under subsection E of this  
40 section for the period of one year, two years or five through seven years as  
41 authorized. If an additional increase is approved as provided in subsection  
42 F of this section, the school district governing board may only use revenues  
43 derived from the school district's prior year's maintenance and operation  
44 fund ending cash balance to fund the additional increase. If a budget  
45 increase was previously authorized and will be in effect for the budget year  
46 or budget year and subsequent years, as provided in subsection E or F of this  
47 section, the governing board may request a new budget increase as provided in  
48 the same subsection under which the prior budget increase was adopted, which



1 shall not exceed the maximum amount permitted under subsection G of this  
2 section. If the voters in the school district authorize the new budget  
3 increase amount, the existing budget increase no longer is in effect. If the  
4 voters in the school district do not authorize the budget increase amount,  
5 the existing budget increase remains in effect for the time period for which  
6 it was authorized. The maximum additional increase authorized as provided in  
7 subsection E or F of this section and the additional increase which is  
8 included in the aggregate budget limit is based on a percentage of a school  
9 district's revenue control limit in future years, if the budget increase is  
10 authorized for more than one year. If the additional increase:

11 1. Is for two years, the proposed increase in the second year is equal  
12 to the initial proposed percentage increase.

13 2. Is for five years or more, the proposed increase is equal to the  
14 initial proposed percentage increase in the following years of the proposed  
15 increase, except that in the next to last year it is two-thirds of the  
16 initial proposed percentage increase and it is one-third of the initial  
17 proposed percentage increase in the last year of the proposed increase.

18 Q. If the voters in a school district vote to adopt a budget in excess  
19 of the revenue control limit as provided in subsection I or J of this  
20 section, any additional increase shall be included in the aggregate budget  
21 limit for each of the years authorized. Any additional increase shall be  
22 excluded from the determination of equalization assistance. The school  
23 district governing board, however, may levy on the assessed valuation used  
24 for secondary property tax purposes of the property in the school district  
25 the additional increase if adopted under subsection I of this section for the  
26 period of one year, two years or five through seven years as authorized. If  
27 an additional increase is approved as provided in subsection J of this  
28 section, the increase may only be budgeted and expended if sufficient monies  
29 are available in the maintenance and operation fund of the school district.  
30 If a budget increase was previously authorized and will be in effect for the  
31 budget year or budget year and subsequent years, as provided in subsection I  
32 or J of this section, the governing board may request a new budget increase  
33 as provided in the same subsection under which the prior budget increase was  
34 adopted that does not exceed the maximum amount permitted under subsection K  
35 of this section. If the voters in the school district authorize the new  
36 budget increase amount, the existing budget increase no longer is in effect.  
37 If the voters in the school district do not authorize the budget increase  
38 amount, the existing budget increase remains in effect for the time period  
39 for which it was authorized. The maximum additional increase authorized as  
40 provided in subsection I or J of this section and the additional increase  
41 that is included in the aggregate budget limit is based on a percentage of a  
42 school district's revenue control limit in future years, if the budget  
43 increase is authorized for more than one year. If the additional increase:

44 1. Is for two years, the proposed increase in the second year is equal  
45 to the initial proposed percentage increase.

46 2. Is for five years or more, the proposed increase is equal to the  
47 initial proposed percentage increase in the following years of the proposed  
48 increase, except that in the next to last year it is two-thirds of the

1 initial proposed percentage increase and it is one-third of the initial  
2 proposed percentage increase in the last year of the proposed increase.

3 R. If the voters in a school district vote to adopt a budget in excess  
4 of the capital outlay revenue limit as provided in subsection L of this  
5 section, any additional increase shall be included in the aggregate budget  
6 limit for each of the years authorized. The additional increase shall be  
7 excluded from the determination of equalization assistance. The school  
8 district governing board ~~may~~, however, MAY levy on the assessed valuation  
9 used for secondary property tax purposes of the property in the school  
10 district the additional increase for the period authorized but not to exceed  
11 ten years. For overrides approved by a vote of the qualified electors of the  
12 school district at an election held from and after October 31, 1998, the  
13 period of the additional increase prescribed in this subsection shall not  
14 exceed seven years for any capital override election.

15 S. If the voters in a school district vote to adopt a budget in excess  
16 of the capital outlay revenue limit as provided in subsection M of this  
17 section, any additional increase shall be included in the aggregate budget  
18 limit for each of the years authorized. The additional increase shall be  
19 excluded from the determination of equalization assistance. The school  
20 district governing board may only use revenues derived from the school  
21 district's prior year's maintenance and operation fund ending cash balance  
22 and capital outlay fund ending cash balance to fund the additional increase  
23 for the period authorized but not to exceed ten years. For overrides  
24 approved by a vote of the qualified electors of the school district at an  
25 election held from and after October 31, 1998, the period of the additional  
26 increase prescribed in this subsection shall not exceed seven years for any  
27 capital override election.

28 T. In addition to subsections P and S of this section, from the  
29 maintenance and operation fund and capital outlay fund ending cash balances,  
30 the school district governing board shall first use any available revenues to  
31 reduce its primary tax rate to zero and shall use any remaining revenues to  
32 fund the additional increase authorized as provided in subsections F and M of  
33 this section.

34 U. If the voters in a school district disapprove the proposed budget,  
35 the alternate budget which, except for any budget increase authorized by a  
36 prior election, does not include an increase in the budget in excess of the  
37 amount provided in section 15-905 shall be adopted by the governing board as  
38 provided in section 15-905.

39 V. The governing board may request that any override election be  
40 cancelled if any change in chapter 9 of this title changes the amount of the  
41 aggregate budget limit as provided in section 15-905. The request to cancel  
42 the override election shall be made to the county school superintendent at  
43 least ten days prior to the date of the scheduled override election.

44 W. For any election conducted pursuant to subsection L or M of this  
45 section:

1           1. The ballot shall include the following statement in addition to any  
2 other statement required by this section:

3           The capital improvements that are proposed to be funded  
4 through this override election are to exceed the state standards  
5 and are in addition to monies provided by the state.

6           \_\_\_\_\_ school district is proposing to increase its  
7 budget by \$\_\_\_\_\_ to fund capital improvements over and above  
8 those funded by the state. Under the students first capital  
9 funding system, \_\_\_\_\_ school district is entitled to state  
10 monies for building renewal, new construction and renovation of  
11 school buildings in accordance with state law.

12          2. The ballot shall contain the words "budget increase, yes" and  
13 "budget increase, no", and the voter shall signify the voter's desired  
14 choice.

15          3. At least eighty-five days before the election, the school district  
16 shall submit proposed ballot language to the director of the Arizona  
17 legislative council. The director of the Arizona legislative council shall  
18 review the proposed ballot language to determine whether the proposed ballot  
19 language complies with this section. If the director of the Arizona  
20 legislative council determines that the proposed ballot language does not  
21 comply with this section, the director, within ten calendar days of the  
22 receipt of the proposed ballot language, shall notify the school district of  
23 the director's objections and the school district shall resubmit revised  
24 ballot language to the director for approval.

25          X. If the voters approve the budget increase pursuant to subsection L  
26 or M of this section, the school district shall not use the override proceeds  
27 for any purposes other than the proposed capital improvements listed in the  
28 publicity pamphlet, except that up to ten per cent of the override proceeds  
29 may be used for general capital expenses, including cost overruns of proposed  
30 capital improvements.

31          Y. Each school district that currently increases its budget pursuant  
32 to subsection L or M of this section is required to hold a public meeting  
33 each year between September 1 and October 31 at which an update of the  
34 progress of capital improvements financed through the override is discussed  
35 and at which the public is permitted an opportunity to comment. At a  
36 minimum, the update shall include a comparison of the current status and the  
37 original projections on the construction of capital improvements, the costs  
38 of capital improvements and the costs of capital improvements in progress or  
39 completed since the prior meeting and the future capital plans of the school  
40 district. The school district shall include in the public meeting a  
41 discussion of the school district's use of state capital aid and  
42 voter-approved bonding in funding capital improvements, if any.

43          Z. If a budget in excess of the capital outlay revenue limit was  
44 previously adopted by the voters in a school district and will be in effect  
45 for the budget year or budget year and subsequent years, as provided in  
46 subsection L or M of this section, the governing board may request an  
47 additional budget in excess of the capital outlay revenue limit. If the  
48 voters in a school district authorize the additional budget in excess of the

capital outlay revenue limit, the existing capital outlay revenue limit budget increase remains in effect.

AA. NOTWITHSTANDING ANY OTHER LAW, THE MAXIMUM BUDGET INCREASE THAT MAY BE AUTHORIZED PURSUANT TO SUBSECTION L OR M OF THIS SECTION IS TEN PER CENT OF THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT.

Sec. 13. Section 15-482, Arizona Revised Statutes, is amended to read:

15-482. Special five per cent override for programs of pupils in kindergarten programs and grades one through twelve

A. An additional budget increase may be requested and authorized as provided in section 15-481, subsections I and J of up to five per cent of the revenue control limit as provided in subsection B of this section. ~~if the following conditions are met:~~

~~1. The school district uses a task force of educators and other persons to develop a special program designed to improve the academic achievement of low achieving pupils in kindergarten programs and grades one through three, with the goal that all pupils capable of doing so will learn the basic skills necessary for fourth grade work by the end of the third grade.~~

~~2. The amount of the proposed budget increase as provided in subsection B of this section is for use for the special program and is to supplement, not supplant, programs for pupils in kindergarten programs and grades one through three which were in existence prior to the budget increase, unless in the fiscal year prior to the fiscal year of the proposed budget increase special programs for pupils in kindergarten programs and grades one through three were in existence and were funded with proceeds from the sale or lease of school property, as provided in section 15-1102.~~

B. The maximum amount of the budget increase requested and authorized shall not exceed the budgeted expenditures of the proposed special program for each fiscal year, not to exceed a total of five per cent of the revenue control limit for each fiscal year. ~~For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.~~

C. For each fiscal year in which a budget increase of up to five per cent of the revenue control limit is authorized as provided in subsection A of this section, the governing board shall:

1. Utilize a separate annual special program budget on a form prescribed by the auditor general in conjunction with the department of education. The budget format shall be designed to allow a school district to plan and provide in detail for expenditures to be incurred as a result of the special program.

2. Prepare as a part of the school district annual financial report a detailed report of expenditures incurred as a result of the special program,

1 in a format prescribed by the auditor general in conjunction with the  
2 department of education, as provided in section 15-904.

3 D. The special program may be designed for any or all of the pupils  
4 enrolled in kindergarten programs and grades one through ~~three~~ TWELVE and may  
5 involve efforts to remove barriers to academic achievement as well as efforts  
6 to improve instruction or increase the amount of instruction. ~~The special~~  
7 ~~program, at a minimum, shall focus on pupils who, because of innate factors,~~  
8 ~~are not succeeding in the school environment as identified by parents,~~  
9 ~~guardians or school personnel. These pupils may include, but are not limited~~  
10 ~~to, those who do not qualify for special education services, who have~~  
11 ~~measured intelligence quotients of between seventy and eighty five or who~~  
12 ~~exhibit characteristics of attention deficit disorder or learning patterns~~  
13 ~~attributable to prenatal substance exposure.~~

14 E. During any fiscal year in which proceeds from the sale or lease of  
15 school property are used for the maintenance and operation section of the  
16 budget as provided in section 15-1102, a budget increase is in effect as  
17 provided in section 15-481, subsection E or F, or a budget increase is in  
18 effect as provided in this section, or any combination of these conditions  
19 occurs, the total amount of the proceeds and increases which may be expended  
20 is equal to fifteen per cent of the revenue control limit for that year as  
21 provided in section 15-947, subsection A, provided that the following maximum  
22 amount is attributable to any one of the conditions:

23 1. Fifteen per cent of the revenue control limit if using the proceeds  
24 from the sale or lease of school property for the maintenance and operation  
25 section of the budget as provided in section 15-1102.

26 2. ~~Ten~~ FIFTEEN per cent of the revenue control limit if using a budget  
27 increase as provided in section 15-481, subsection E or F, or both.

28 3. Five per cent of the revenue control limit if using a budget  
29 increase as provided in this section.

30 Sec. 14. Section 15-491, Arizona Revised Statutes, is amended to read:

31 15-491. Elections on school property; exceptions

32 A. The governing board of a school district may, and upon petition of  
33 fifteen per cent of the school electors as shown by the poll list at the last  
34 preceding annual school election shall, call an election for the following  
35 purposes:

36 1. To locate or change the location of school buildings.

37 2. To purchase or sell school sites or buildings or sell school sites  
38 pursuant to section 15-342 or to build school buildings, but the  
39 authorization by vote of the school district shall not necessarily specify  
40 the site to be purchased.

41 3. To decide whether the bonds of the school district shall be issued  
42 and sold for the purpose of raising money for purchasing or leasing school  
43 lots, for building or renovating school buildings, ~~FOR SUPPLYING SCHOOL~~  
44 ~~BUILDINGS WITH FURNITURE, EQUIPMENT AND TECHNOLOGY,~~ for improving school  
45 grounds, for purchasing pupil transportation vehicles or for liquidating any  
46 indebtedness already incurred for such purposes. ~~Except as provided in~~  
47 ~~section 15-1021, subsection H, the proceeds of class B bonds or impact aid~~  
48 ~~revenue bonds shall not be used for soft capital purposes except for pupil~~

1 ~~transportation vehicles.~~ BONDS ISSUED FOR FURNITURE, EQUIPMENT AND  
2 TECHNOLOGY, OTHER THAN FIXTURES, SHALL MATURE NO LATER THAN THE JULY 1 THAT  
3 FOLLOWS THE FIFTH YEAR AFTER THE BONDS WERE ISSUED. A school district shall  
4 not issue class B bonds until the school district has obligated in contract  
5 the entire proceeds of any class A bonds issued by the school district. The  
6 total amount of class A and class B bonds issued by a school district shall  
7 not exceed the debt limitations prescribed in article IX, sections 8 and 8.1,  
8 Constitution of Arizona.

9 4. To lease for five or more years, as lessor or as lessee, school  
10 buildings or grounds. Approval by a majority of the school district electors  
11 voting authorizes the governing board to negotiate for and enter into a  
12 lease. The ballot shall list the school buildings or grounds for which a  
13 lease is sought. If the governing board does not enter into a lease of five  
14 or more years of the school buildings or grounds listed on the ballot within  
15 five years of the date of the election and the board continues to seek such a  
16 lease, the governing board shall call a special election to reauthorize the  
17 board to negotiate for and to enter into a lease of five or more years.

18 B. No petition shall be required for the holding of the first election  
19 to be held in a joint common school district for any of the purposes  
20 specified in subsection A of this section. The notice of election required  
21 by section 15-492 shall be published in each of the counties which comprise  
22 the joint common school district. The certification of election results  
23 required by section 15-493 shall be made to the board of supervisors of the  
24 jurisdictional county.

25 C. When the election is called to determine whether or not bonds of  
26 the school district shall be issued and sold for the purposes enumerated in  
27 the call for the election, the question shall be submitted to the vote of the  
28 qualified electors of the school district as defined in section 15-401 and  
29 subject to section 15-402.

30 D. The governing board shall order the election to be held in the  
31 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
32 election has been filed with the governing board as provided in subsection A  
33 of this section, the board shall act upon the petition within sixty days by  
34 ordering the election to be held as provided in this subsection. If a school  
35 district bond election is scheduled for the same date a school district will  
36 hold an override election, the governing body shall deliver a copy of the  
37 notice of election and ballot to the county school superintendent who shall  
38 include the notice of election and ballot with the information report and  
39 ballot prepared for the override election. Mailing of the information  
40 required for both the override and bond elections shall constitute compliance  
41 with the notice provisions of this section.

42 E. The elections to be held pursuant to this section shall only be  
43 held on dates prescribed by section 16-204, except that elections held  
44 pursuant to this section to decide whether class B bonds shall be issued, or  
45 any other obligation incurred that will require the assessment of secondary  
46 property taxes, shall only be held on the first Tuesday after the first  
47 Monday of November.

1 F. Subsection A, paragraph 2 of this section does not apply to the  
2 sale of school property if the market value of the school property is less  
3 than fifty thousand dollars.

4 G. Bond counsel fees, financial advisory fees, printing costs and  
5 paying agent and registrar fees for bonds issued pursuant to an election  
6 under this section shall be paid from either the amount authorized by the  
7 qualified electors of the school district or current operating funds. Bond  
8 election expenses shall be paid from current operating funds only.

9 H. For any election conducted to decide whether class B bonds will be  
10 issued pursuant to this section:

11 1. Except as provided in paragraph 2 of this subsection, the ballot  
12 shall include the following statement:

13 The capital improvements that are proposed to be funded  
14 through this bond issuance are to exceed the state standards and  
15 are in addition to monies provided by the state.

16 \_\_\_\_\_ school district is proposing to issue class B  
17 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
18 improvements over and above those funded by the state. Under the  
19 students first capital funding system, \_\_\_\_\_ school district  
20 is entitled to state monies for building renewal, new  
21 construction and renovation of school buildings in accordance  
22 with state law.

23 2. For a school district that is a joint technological education  
24 district, the ballot shall include the following statement:

25 \_\_\_\_\_, a joint technological education district, is  
26 proposing to issue class B general obligation bonds totaling  
27 \$\_\_\_\_\_ to fund capital improvements at a campus owned or  
28 operated and maintained by the joint technological education  
29 district.

30 3. The ballot shall contain the words "bond approval, yes" and "bond  
31 approval, no", and the voter shall signify the voter's desired choice.

32 4. The ballot shall also contain the phrase "the issuance of these  
33 bonds will result in an annual levy of property taxes sufficient to pay the  
34 debt on the bonds".

35 5. At least eighty-five days before the election, the school district  
36 shall submit proposed ballot language to the director of the Arizona  
37 legislative council. The director of the Arizona legislative council shall  
38 review the proposed ballot language to determine whether the proposed ballot  
39 language complies with this section. If the director of the Arizona  
40 legislative council determines that the proposed ballot language does not  
41 comply with this section, the director, within ten calendar days of the  
42 receipt of the proposed ballot language, shall notify the school district of  
43 the director's objections and the school district shall resubmit revised  
44 ballot language to the director for approval.

45 6. No later than thirty-five days before a class B bond election  
46 conducted pursuant to this section, the school district shall mail a  
47 publicity pamphlet to each household that contains a qualified elector in the



1 school district. The publicity pamphlet shall contain, at a minimum, the  
2 following information:

3 (a) An executive summary of the school district's most recent capital  
4 plan submitted to the school facilities board.

5 (b) A complete list of each proposed capital improvement that will be  
6 funded with the proceeds of the bonds and a description of the proposed cost  
7 of each improvement, including a separate aggregation of capital improvements  
8 for administrative purposes as defined by the school facilities board.

9 (c) The tax rate associated with each of the proposed capital  
10 improvements and the estimated cost of each capital improvement for the owner  
11 of a single family home that is valued at one hundred thousand dollars.

12 I. For any election conducted to decide whether impact aid revenue  
13 bonds shall be issued pursuant to this section:

14 1. The ballot shall include the following statement:

15 The capital improvements that are proposed to be funded  
16 through this bond issuance are to exceed the state standards and  
17 are in addition to monies provided by the state.

18 \_\_\_\_\_ school district is proposing to issue impact aid  
19 revenue bonds totaling \$\_\_\_\_\_ to fund capital improvements  
20 over and above those funded by the state. Under the students  
21 first capital funding system, \_\_\_\_\_ school district is  
22 entitled to state monies for building renewal, new construction  
23 and renovation of school buildings in accordance with state law.

24 2. The ballot shall contain the words "bond approval, yes" and "bond  
25 approval, no", and the voter shall signify the voter's desired choice.

26 3. At least eighty-five days before the election, the school district  
27 shall submit proposed ballot language to the director of the legislative  
28 council. The director of the legislative council shall review the proposed  
29 ballot language to determine whether the proposed ballot language complies  
30 with this section. If the director of the legislative council determines  
31 that the proposed ballot language does not comply with this section, the  
32 director, within ten calendar days of the receipt of the proposed ballot  
33 language, shall notify the school district of the director's objections and  
34 the school district shall resubmit revised ballot language to the director  
35 for approval.

36 4. No later than thirty-five days before an impact aid revenue bond  
37 election conducted pursuant to this section, the school district shall mail a  
38 publicity pamphlet to each household that contains a qualified elector in the  
39 school district. The publicity pamphlet shall contain, at a minimum, the  
40 following information:

41 (a) The date of the election.

42 (b) The voter's polling place and the times it is open.

43 (c) An executive summary of the school district's most recent capital  
44 plan submitted to the school facilities board.

45 (d) A complete list of each proposed capital improvement that will be  
46 funded with the proceeds of the bonds and a description of the proposed cost  
47 of each improvement, including a separate aggregation of capital improvements  
48 for administrative purposes as defined by the school facilities board.

(e) A statement that impact aid revenue bonds will be fully funded by aid that the school district receives from the federal government and do not require a levy of taxes in the district.

(f) A statement that if the bonds are approved the first priority for the impact aid will be to pay the debt service for the bonds and that other uses of the monies are prohibited until the debt service obligation is met.

(g) A statement that if the impact aid revenue bonds are approved, the school district shall not issue or sell class B bonds while the district has existing indebtedness from impact aid revenue bonds, except for bonds issued to refund any bonds issued by the board.

J. If the voters approve the issuance of school district class B bonds or impact aid revenue bonds, the school district shall not use the bond proceeds for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the bond proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements.

K. Each school district that issues bonds under this section is required to hold a public meeting each year between September 1 and October 31, until the bond proceeds are spent, at which an update of the progress of capital improvements financed through bonding is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed since the prior meeting and the future capital bonding plans of the school district. The school district shall include in the public meeting a discussion of the school district's use of state capital aid and voter-approved capital overrides in funding capital improvements, if any."

Renumber to conform

Page 18, line 12, strike "may"; after "time" insert "MAY"

Lines 18 and 19, strike "THE GOVERNING BOARD SHALL REMOVE UNION REPRESENTATIVES FROM THE SCHOOL DISTRICT PAYROLL."

Page 19, between lines 14 and 15, insert:

"E. THE GOVERNING BOARD MAY EMPLOY A BUSINESS MANAGER WHO HAS EXPERTISE IN FINANCE. FOR THE PURPOSES OF THIS SUBSECTION, "EXPERTISE IN FINANCE" MEANS ONE OR MORE OF THE FOLLOWING:

1. A BACCALAUREATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR PUBLIC FINANCE.

2. A GRADUATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR PUBLIC FINANCE.

3. OTHER FINANCE TRAINING OR FINANCE EXPERIENCE THAT THE GOVERNING BOARD DETERMINES IS SUFFICIENT TO QUALIFY THE PERSON TO ADMINISTER THE BUSINESS OPERATIONS OF THE SCHOOL DISTRICT."

Reletter to conform

Between lines 20 and 21, insert:

"H. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT SHALL NOT ADOPT POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON TENURE OR SENIORITY.

1           Sec. 16. Section 15-503, Arizona Revised Statutes, is amended to read:

2           15-503. Superintendents, principals, head teachers and school  
3           psychologists; term of employment; evaluation;  
4           contract delivery; nonretention notice

5           A. The governing board may:

6           1. Employ a superintendent or principal, or both. IF THE GOVERNING  
7           BOARD EMPLOYS A SUPERINTENDENT, THE GOVERNING BOARD SHALL DETERMINE THE  
8           QUALIFICATIONS FOR THE SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING.  
9           THE GOVERNING BOARD SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID  
10          FINGERPRINT CLEARANCE CARD THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12,  
11          ARTICLE 3.1.

12          2. Appoint a head teacher.

13          3. Jointly with another governing board employ a superintendent or a  
14          principal, or both. IF THE GOVERNING BOARD JOINTLY EMPLOYS A SUPERINTENDENT,  
15          THE GOVERNING BOARDS SHALL JOINTLY DETERMINE THE QUALIFICATIONS FOR THE  
16          SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING. THE GOVERNING BOARDS  
17          SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID FINGERPRINT CLEARANCE CARD  
18          THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

19          B. The term of employment of superintendents or principals may be for  
20          any period not exceeding three years, except that if the superintendent's or  
21          principal's contract with the school district is for multiple years pursuant  
22          to this subsection the school district shall not offer to extend or  
23          renegotiate the contract until May of the year preceding the final year of  
24          the contract. The school district governing board or the governing body of  
25          the charter school shall communicate the superintendent's or principal's  
26          duties with respect to the classroom site fund established by section 15-977.

27          C. The governing board shall establish systems for the evaluation of  
28          the performance of principals and other school administrators and  
29          certificated school psychologists in the school district. In the development  
30          and adoption of these performance evaluation systems, the governing board  
31          shall avail itself of the advice of its administrators and certificated  
32          school psychologists. Each evaluation shall include recommendations as to  
33          areas of improvement in the performance of the certificated school  
34          psychologist if the performance of the certificated school psychologist  
35          warrants improvement. After transmittal of an assessment, a board designee  
36          shall confer with the certificated school psychologist to make specific  
37          recommendations as to areas of improvement in the certificated school  
38          psychologist's performance. The board designee shall provide assistance and  
39          opportunities for the certificated school psychologist to improve his  
40          performance and shall follow up with the certificated school psychologist  
41          after a reasonable period of time for the purpose of ascertaining that the  
42          certificated school psychologist is demonstrating adequate performance. The  
43          evaluation process for certificated school psychologists shall include appeal  
44          procedures for certificated school psychologists who disagree with the  
45          evaluation of their performance, if the evaluation is for use as criteria for  
46          establishing compensation or dismissal.

D. On or before May 15 **EACH YEAR**, the governing board shall offer a contract for the next school year to each certified administrator and certificated school psychologist who is in the last year of his contract unless, on or before April 15, the governing board, a member of the board acting on behalf of the board or the superintendent of the school district gives notice to the administrator or certificated school psychologist of the board's intention not to offer a new contract. If the governing board has called for an override election for the third Tuesday in May as provided in section 15-481, the governing board shall offer a contract for the next school year to each certified administrator or certificated school psychologist who is in the last year of his contract on or before June 15 unless, no later than five days after the override election excluding Saturday, Sunday and legal holidays, the governing board, a member of the board acting on behalf of the board or the superintendent of the school district gives notice to the administrator or the certificated school psychologist of the board's intention not to offer a new contract. The administrator's or the certificated school psychologist's acceptance of the contract shall be indicated within thirty days from the date of the written contract or the offer is revoked. The administrator or certificated school psychologist accepts the contract by signing the contract and returning it to the governing board or by making a written instrument ~~which~~ **THAT** accepts the terms of the contract and delivering the written instrument to the governing board.

E. Notice of the board's intention not to reemploy the administrator or certificated school psychologist shall be made by delivering the notice personally to the administrator or the certificated school psychologist or by sending the notice by certified mail, postmarked on or before the applicable deadline prescribed in subsection D of this section, and directed to the administrator or the certificated school psychologist at his place of residence as recorded in the school district records."

Renumber to conform

Page 21, strike lines 32 through 37

Strike pages 22 through 26

Page 27, strike lines 1 through 27, insert:

"Sec. 20. Section 15-539, Arizona Revised Statutes, is amended to read:

**15-539. Dismissal of certificated teacher; due process; written charges; notice; hearing on request**

A. ~~Upon~~ **ON** a written statement of charges presented by the superintendent, charging that there exists cause for the suspension without pay for a period of time greater than ten school days or dismissal of a certificated teacher of the district, the governing board ~~shall~~, except as otherwise provided in this article, **SHALL** give notice to the teacher of its intention to suspend without pay or dismiss the teacher at the expiration of ~~thirty~~ **TEN** days from the date of the service of the notice.

1           B. Whenever the superintendent presents a statement of charges wherein  
2 the alleged cause for dismissal constitutes immoral or unprofessional  
3 conduct, the governing board may adopt a resolution that a complaint be filed  
4 with the department of education. Pending disciplinary action by the state  
5 board of education, the certificated teacher may be reassigned by the  
6 superintendent or placed on administrative leave by the board pursuant to  
7 section 15-540.

8           C. The governing board shall give a certificated teacher who has been  
9 employed by the school district for more than the major portion of three  
10 consecutive school years notice of intention to dismiss if its intention to  
11 dismiss is based on charges of inadequacy of classroom performance as defined  
12 by the governing board pursuant to subsection D of this section. The  
13 governing board or its authorized representative shall give the teacher a  
14 written preliminary notice of inadequacy of classroom performance at least  
15 ten instructional days ~~prior to~~ BEFORE the start of the period of time within  
16 which to correct the inadequacy and overcome the grounds for the charge. The  
17 governing board may delegate to employees of the governing board the general  
18 authority to issue preliminary notices of inadequacy of classroom performance  
19 to teachers pursuant to this section without the need for prior approval of  
20 each notice by the governing board. In all cases in which an employee of the  
21 governing board issues a preliminary notice of inadequacy of classroom  
22 performance without prior approval by the governing board, the employee shall  
23 report its issuance to the governing board within five school days. The  
24 written preliminary notice of inadequacy of classroom performance shall  
25 specify the nature of the inadequacy of classroom performance with such  
26 particularity as to furnish the teacher an opportunity to correct the  
27 teacher's inadequacies and overcome the grounds for the charge. The written  
28 preliminary notice of inadequacy of classroom performance shall be based on a  
29 valid evaluation according to school district procedure, shall include a copy  
30 of any evaluation pertinent to the charges made and shall state the date by  
31 which the teacher has to correct the inadequacy and overcome the grounds for  
32 the charge. That evaluation shall not be conducted within two instructional  
33 days of any school break of one week or more. The written preliminary notice  
34 of inadequacy of classroom performance shall allow the teacher not less than  
35 ~~eighty-five~~ SIXTY instructional days within which to correct the inadequacy  
36 and overcome the grounds for the charge. If within the time specified in the  
37 written preliminary notice of inadequacy of classroom performance the teacher  
38 does not demonstrate adequate classroom performance, the governing board  
39 shall dismiss the teacher either within ~~thirty~~ TEN days of the service of a  
40 subsequent notice of intention to dismiss or by the end of the contract year  
41 in which the subsequent notice of intention to dismiss is served unless the  
42 teacher has requested a hearing as provided in subsection G of this section.  
43 If the teacher demonstrates adequate classroom performance during the period  
44 allowed to correct such deficiencies as specified in the written preliminary  
45 notice of inadequacy of classroom performance, the governing board may not  
46 dismiss the teacher for the reasons specified in the written preliminary  
47 notice of inadequacy of classroom performance. If the governing board of a  
48 school district has received approval to budget for a career ladder program,

1 the governing board may define inadequacy of classroom performance by  
2 establishing a single level of performance ~~which~~ THAT is required of all  
3 teachers or by establishing more than one required level of performance. If  
4 more than one level is established, the same level of performance for minimum  
5 adequacy shall be required of all teachers who have completed the same number  
6 of years of teaching in the district.

7 D. The governing board shall develop a definition of inadequacy of  
8 classroom performance that applies to notices issued pursuant to section  
9 15-536, section 15-538 and this section. The governing board shall develop  
10 its definition of inadequacy of classroom performance in consultation with  
11 its certificated teachers. The consultation may be accomplished by holding a  
12 public hearing, forming an advisory committee, providing teachers the  
13 opportunity to respond to a proposed definition or obtaining teacher approval  
14 of a career ladder program ~~which~~ THAT defines inadequacy of classroom  
15 performance.

16 E. Any written statement of charges alleging unprofessional conduct,  
17 conduct in violation of the rules or policies of the governing board or  
18 inadequacy of classroom performance shall specify instances of behavior and  
19 the acts or omissions constituting the charge so that the certificated  
20 teacher will be able to prepare a defense. If applicable, it shall state the  
21 statutes, rules or written objectives of the governing board ~~which~~ THAT the  
22 certificated teacher is alleged to have violated and set forth the facts  
23 relevant to each occasion of alleged unprofessional conduct, conduct in  
24 violation of the rules or policies of the governing board or inadequacy of  
25 classroom performance.

26 F. The notice shall be in writing and shall be served ~~upon~~ ON the  
27 certificated teacher personally or by United States registered or certified  
28 mail addressed to the teacher's last known address. A copy of the charges,  
29 together with a copy of this section and sections 15-501, 15-538.01, 15-540,  
30 15-541, 15-542 and 15-544 through 15-547, shall be attached to the notice.

31 G. The certificated teacher who receives notice that there exists  
32 cause for dismissal or suspension without pay shall have the right to a  
33 hearing if the teacher files a written request with the governing board  
34 within ~~thirty~~ TEN days of service of notice. The filing of a timely request  
35 shall suspend the imposition of a suspension without pay or a dismissal  
36 pending completion of the hearing.

37 Sec. 21. Section 15-541, Arizona Revised Statutes, is amended to read:  
38 15-541. Hearing on dismissal

39 A. The governing board shall decide whether to hold a hearing on the  
40 dismissal or suspension without pay for a period of time longer than ten days  
41 of a certificated teacher as provided in this article. If the governing  
42 board decides not to hold a hearing, the governing board shall designate a  
43 hearing officer to hold the hearing, hear the evidence, prepare a record and  
44 issue a recommendation to the governing board for action. The governing  
45 board may provide by policy or vote at its annual organizational meeting that  
46 all hearings conducted pursuant to this section ~~will~~ SHALL be conducted  
47 before a hearing officer. The hearing officer ~~will~~ SHALL be mutually agreed  
48 upon by the parties to the hearing. If the parties cannot mutually agree on

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

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

34 Sec. 22. Section 15-544, Arizona Revised Statutes, is amended to read:  
 35 **15-544. Limitations on reduction of salaries or personnel**

36 A. A governing board may reduce salaries or eliminate certificated  
 37 teachers in a school district in order to effectuate economies in the  
 38 operation of the district or to improve the efficient conduct and  
 39 administration of the schools of the school district, but no reduction in the  
 40 salary of a certificated teacher who has been employed by the school district  
 41 for more than the major portion of three consecutive school years shall be  
 42 made except in accordance with a general salary reduction in the school  
 43 district by which the teacher is employed, and in such case the reduction  
 44 shall be applied equitably among all such teachers.

45 B. Notice of a general salary reduction shall be given each  
 46 certificated teacher affected ~~not later than May 15 before the fiscal year in~~  
 47 ~~which the reduction is to take effect.~~

1 C. A certificated teacher dismissed for reasons of economy or to  
2 improve the efficient conduct and administration of the schools of the school  
3 district shall have a preferred right of reappointment in the order of  
4 original employment by the governing board in the event of an increase in the  
5 number of certificated teachers or the reestablishment of services within a  
6 period of three years.

7 D. ~~The provisions of~~ This section ~~do~~ DOES not apply to reductions in  
8 salary from monies from the classroom site fund pursuant to section 15-977.

9 Sec. 23. Section 15-703, Arizona Revised Statutes, is amended to read:  
10 15-703. Kindergarten programs and special departments; special  
11 teachers

12 A. The governing board may:

13 1. Establish departments of industrial arts and consumer education and  
14 homemaking.

15 2. Employ special teachers in special subjects.

16 B. Each common school district or unified school district shall  
17 establish a kindergarten program, unless the governing board of such common  
18 school district or unified school district files an exemption claim with the  
19 department of education. A district is exempt from establishing a  
20 kindergarten program if it files with the department of education an  
21 exemption claim which states that the establishment of a kindergarten program  
22 will interfere with the work of, or maintenance of efficiency in, the grades  
23 and that a kindergarten program is not in the best interests of the  
24 district. Each school district that establishes a kindergarten program shall  
25 offer half-day kindergarten programs that provide academically meaningful  
26 instruction in each of the academic standards adopted by the state board of  
27 education. A school district that establishes a full-day kindergarten  
28 program shall allow each parent of a kindergarten pupil to choose either  
29 half-day kindergarten instruction or full-day kindergarten instruction **AND**  
30 **SHALL PROVIDE THE OPTION OF ACADEMICALLY MEANINGFUL HALF-DAY KINDERGARTEN**  
31 **INSTRUCTION IN EVERY SCHOOL IN THE SCHOOL DISTRICT THAT HAS ENOUGH STUDENTS**  
32 **TO FILL A HALF-DAY KINDERGARTEN CLASS AT A CLASS SIZE THAT IS APPROXIMATELY**  
33 **EQUAL TO THE AVERAGE KINDERGARTEN CLASS SIZE FOR THE SCHOOL DISTRICT AS A**  
34 **WHOLE.**

35 C. For the purpose of maintaining a kindergarten program a common  
36 school district or unified school district governing board may lease such  
37 buildings as may be necessary as provided by law.

38 Sec. 24. Section 15-741, Arizona Revised Statutes, is amended to read:  
39 15-741. Assessment of pupils

40 A. The state board of education shall:

41 1. Adopt rules for purposes of this article pursuant to title 41,  
42 chapter 6.

43 2. Adopt and implement an Arizona instrument to measure standards test  
44 to measure pupil achievement of the state board adopted academic standards in  
45 reading, writing and mathematics in at least four grades designated by the  
46 board. The board shall determine the manner of implementation. **THE BOARD**  
47 **SHALL NOT REQUIRE HIGH SCHOOL PUPILS TO MEET OR EXCEED THE STANDARDS MEASURED**  
48 **BY THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IN ANY STANDARDS OTHER**



1 THAN READING, WRITING AND MATHEMATICS IN ORDER TO GRADUATE FROM HIGH SCHOOL.  
2 The board may administer assessments of the academic standards in social  
3 studies and science, EXCEPT THAT A PUPIL SHALL NOT BE REQUIRED TO MEET OR  
4 EXCEED THE SOCIAL STUDIES OR SCIENCE STANDARDS MEASURED BY THE ARIZONA  
5 INSTRUMENT TO MEASURE STANDARDS TEST IN ORDER TO GRADUATE FROM HIGH SCHOOL.

6 ~~Prior to the administration of the tests to pupils and following the~~  
7 ~~statewide piloting of the tests, the board shall approve, at a public~~  
8 ~~meeting, the Arizona instrument to measure standards test.~~

9 3. Adopt and implement a statewide nationally standardized  
10 norm-referenced achievement test in reading, language arts and mathematics,  
11 except that the superintendent of public instruction may determine additional  
12 grade levels for which pupils are tested. The tests shall be consistent with  
13 the state standards and shall be administered during the spring of each year  
14 between March 15 and May 1.

15 4. Ensure that the tests prescribed in this section are uniform  
16 throughout the state.

17 5. Ensure that the tests prescribed in this section are able to be  
18 scored in an objective manner and that the tests are not intended to advocate  
19 any sectarian, partisan or denominational viewpoint.

20 6. Ensure that the results of the nationally standardized  
21 norm-referenced achievement tests established as provided in this article are  
22 comparable to associated grade equivalents, percentiles and stanines derived  
23 from a multistate sample.

24 7. Include within its budget all costs pertaining to the tests  
25 prescribed in this article. If sufficient monies are appropriated, the state  
26 board may provide norm-referenced achievement test services to school  
27 districts which request assistance in testing pupils in grades additional to  
28 those required by this section.

29 8. Use subtests of the statewide nationally standardized  
30 norm-referenced achievement test as designated by the state board to assess  
31 pupils in reading, language arts and mathematics, at a level appropriate for  
32 their grade level.

33 9. Survey teachers, principals and superintendents on achievement  
34 related nontest indicators, including information on graduation rates by  
35 ethnicity and dropout rates by ethnicity for each grade level. Before the  
36 survey, the state board of education shall approve at a public meeting the  
37 nontest indicators on which data will be collected. In conducting the survey  
38 and collecting data, the state board of education shall not violate the  
39 provisions of the family educational rights and privacy act (P.L. 93-380), as  
40 amended, nor disclose personally identifiable information.

41 10. Establish a fair and consistent method and standard by which  
42 norm-referenced test scores from schools in a district may be evaluated  
43 taking into consideration demographic data. The board shall establish  
44 intervention strategies to assist schools with scores below the acceptable  
45 standard. The board shall annually review district and school scores and  
46 shall offer assistance to school districts in analyzing data and implementing  
47 intervention strategies. The board shall use the adopted norm-referenced  
48 test and methods of data evaluation for a period of at least ten years.

1           11. Participate in other assessments that provide national comparisons  
2 as needed.

3           B. The standardized norm-referenced achievement tests adopted by the  
4 state board as provided in subsection A shall be given annually. The tests  
5 shall be administered over a one week period between March 15 and May 1.  
6 Nontest indicator data and other information shall be collected at the same  
7 time as the collection of standardized norm-referenced achievement test data.

8           C. Local school district governing boards shall:

9           1. Administer the tests prescribed in subsection A.

10           2. Survey teachers, principals and superintendents on achievement  
11 related nontest indicator data as required by the state board, including  
12 information related to district graduation and dropout rates. In conducting  
13 the survey and collecting data, the governing board shall not violate the  
14 provisions of the family educational rights and privacy act (P.L. 93-380), as  
15 amended, nor disclose personally identifiable information.

16           D. ANY ADDITIONAL ASSESSMENTS FOR HIGH SCHOOL PUPILS THAT ARE ADOPTED  
17 BY THE STATE BOARD OF EDUCATION AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO  
18 THIS SECTION SHALL BE DESIGNED TO MEASURE COLLEGE AND CAREER READINESS OF  
19 PUPILS.

20           ~~D.~~ E. A test for penmanship shall not be required pursuant to this  
21 article.

22           Sec. 25. Section 15-746, Arizona Revised Statutes, is amended to read:

23           15-746. School report cards

24           A. Each school shall distribute an annual report card that contains at  
25 least the following information:

26           1. A description of the school's regular, magnet and special  
27 instructional programs.

28           2. A description of the current academic goals of the school.

29           3. A summary of the results achieved by pupils enrolled at the school  
30 during the prior three school years as measured by the Arizona instrument to  
31 measure standards test and the nationally standardized norm-referenced  
32 achievement test as designated by the state board and as reported in the  
33 annual report prescribed by section 15-743, a summary of the pupil progress  
34 on an ongoing and annual basis, showing the trends in gain or loss in pupil  
35 achievement over time in reading, language arts and mathematics for all years  
36 in which pupils are enrolled in the school district for an entire school year  
37 and for which this information is available and a summary of the pupil  
38 progress for pupils not enrolled in a district for an entire school year.

39           4. The school's current expenditures per pupil for classroom supplies,  
40 classroom instruction excluding classroom supplies, administration, support  
41 services-students, and all other support services and operations. The  
42 current expenditures per pupil by school shall include allocation of the  
43 district-wide expenditures to each school, as provided by the district. The  
44 report shall include a comparison of the school to the state amount for a  
45 similar type of district as calculated in section 15-255. The method of  
46 calculating these per pupil amounts and the allocation of expenditures shall  
47 be as prescribed in the uniform system of financial records.

1           5. The attendance rate of pupils enrolled at the school as reflected  
2 in the school's average daily membership as defined in section 15-901.

3           6. The total number of incidents that occurred on the school grounds,  
4 at school bus stops, on school buses and at school sponsored events and that  
5 required the contact of a local, county, tribal, state or federal law  
6 enforcement officer pursuant to section 13-3411, subsection F, section  
7 13-3620, section 15-341, subsection A, paragraph ~~33~~ 31 or section 15-515.  
8 The total number of incidents reported shall only include reports that law  
9 enforcement officers report to the school are supported by probable cause.  
10 For the purposes of this paragraph, a certified peace officer who serves as a  
11 school resource officer is a law enforcement officer. A school may provide  
12 clarifying information if the school has a school resource officer on campus.

13           7. The percentage of pupils who have either graduated to the next  
14 grade level or graduated from high school.

15           8. A description of the social services available at the school site.

16           9. The school calendar, including the length of the school day and  
17 hours of operations.

18           10. The total number of pupils enrolled at the school during the  
19 previous school year.

20           11. The transportation services available.

21           12. Beginning in the 2000-2001 school year and until July 1, 2006, the  
22 reading instruction programs used by the school for kindergarten programs and  
23 grades one, two and three, pursuant to section 15-704. The report card shall  
24 include a district comparison of test scores among the different programs of  
25 reading instruction and shall identify the program of reading instruction  
26 used in each classroom.

27           13. A description of the responsibilities of parents of children  
28 enrolled at the school.

29           14. A description of the responsibilities of the school to the parents  
30 of the children enrolled at the school, including dates the report cards are  
31 delivered to the home.

32           15. A description of the composition and duties of the school council  
33 as prescribed in section 15-351 if such a school council exists.

34           16. For the most recent year available, the average current expenditure  
35 per pupil for administrative functions compared to the predicted average  
36 current expenditure per pupil for administrative functions according to an  
37 analysis of administrative cost data by the joint legislative budget  
38 committee staff.

39           17. If the school provides instruction to pupils in kindergarten  
40 programs and grades one through three, the ratio of pupils to teachers in  
41 each classroom where instruction is provided in kindergarten programs and  
42 grades one through three.

43           18. The average class size per grade level for all grade levels,  
44 kindergarten programs and grades one through eight. For the purposes of this  
45 paragraph, "average class size" means the weighted average of each class.

46           B. The department of education shall develop a standardized report  
47 card format that meets the requirements of subsection A of this section. The  
48 department shall modify the standardized report card as necessary on an

1 annual basis. The department shall distribute to each school in this state a  
2 copy of the standardized report card that includes the required test scores  
3 for each school. Additional copies of the standardized report card shall be  
4 available on request.

5 C. After each school has completed the report card distributed to it  
6 by the department of education, the school, in addition to distributing the  
7 report card as prescribed in subsection A of this section, shall send a copy  
8 of the report card to the department. The department shall prepare an annual  
9 report that contains the report card from each school in this state.

10 D. The school shall distribute report cards to parents of pupils  
11 enrolled at the school, no later than the last day of school of each fiscal  
12 year, and shall present a summary of the contents of the report cards at an  
13 annual public meeting held at the school. The school shall give notice at  
14 least two weeks before the public meeting that clearly states the purposes,  
15 time and place of the meeting.

16 Sec. 26. Section 15-765, Arizona Revised Statutes, is amended to read:

17 15-765. Special education in rehabilitation, corrective or other  
18 state and county supported institutions, facilities or  
19 homes

20 A. For the purposes of this section and section 15-764, children with  
21 disabilities who are being provided with special education in rehabilitation,  
22 corrective or other state and county supported institutions or facilities are  
23 the responsibility of that institution or facility, including children with  
24 disabilities who are not enrolled in a residential program and who are being  
25 furnished with daily transportation. Special education programs at the  
26 institution or facility shall conform to the conditions and standards  
27 prescribed by the director of the division of special education.

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

43 C. Before any placement is made in facilities described in this  
44 section, the school district of residence shall ~~insure~~ ~~ENSURE~~ that a full  
45 continuum of alternative placements is available to meet the needs of  
46 children with disabilities and that the proposed placement is the least  
47 restrictive environment in which appropriate education services can be  
48 provided to the child.

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

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

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

30           E. When a state placing agency initially places a pupil in a private  
31 residential facility, the home school district must conduct an evaluation  
32 pursuant to section 15-766 or review the educational placement of a pupil who  
33 has previously been determined eligible for special education services. The  
34 school district shall notify the appropriate state placing agency when a  
35 child requires an evaluation for possible receipt of services provided by  
36 that agency or a residential special education placement. The school  
37 district and the state agency shall jointly evaluate the child, including  
38 consideration of relevant information from additional sources, including  
39 probation or parole officers, caseworkers, guardians ad litem and court  
40 appointed special advocates.

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

44           G. If the individualized education program team determines that a  
45 residential special education placement is the least restrictive environment  
46 in which an appropriate educational program can be provided, the home school  
47 district shall submit the following documentation to the department of  
48 education:

1           1. A residential special education voucher application signed by  
2 designated representatives of the state placing agency, as defined in section  
3 15-1181, and the home school district, respectively.

4           2. The educational reasons for recommending the residential special  
5 education placement, including an evaluation or addendum to the evaluation  
6 that describes the instructional and behavioral interventions that were  
7 previously attempted and the educational reasons for recommending the  
8 residential special education placement, including documentation that the  
9 nature or severity of the disability is such that education in a less  
10 restrictive environment is not appropriate.

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

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

14           H. If a residential special education placement is required by the  
15 child's individualized education program, the educational component of the  
16 residential facility shall be one that is approved by the department of  
17 education for the specific special education services required.

18           I. The residential component of the facility in which the residential  
19 special education placement is made shall be licensed by the department of  
20 economic security or the department of health services, whichever is  
21 appropriate.

22           J. Following and in accordance with the consensus decision of the  
23 individualized education program team as prescribed in section 15-766, a  
24 residential special education placement shall be made by the school district  
25 and the appropriate state agency. The individualized education program team  
26 shall determine whether a residential special education placement is  
27 necessary. The state placing agency shall consider the recommendations of  
28 the individualized education program team in selecting the specific  
29 residential facility. The department of education shall enter into  
30 interagency services agreements with the department of economic security or  
31 the department of health services to establish a mechanism for resolving  
32 disputes if the school district and the department of economic security or  
33 the department of health services cannot mutually agree on the specific  
34 residential placement to be made. Dispute resolution procedures may not be  
35 used to deny or delay residential special education placement.

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

40           L. All noneducational and nonmedical costs incurred by the placement  
41 of a child with a disability in a private or public school program and  
42 concurrent out-of-home care program shall be paid by the department of  
43 economic security for those children eligible to receive services through the  
44 division of developmental disabilities or the administration for children,  
45 youth and families of the department of economic security and by the  
46 department of health services for those children eligible to receive services  
47 through the division of behavioral health in the department of health  
48 services or children's rehabilitation services. Nothing in this section is

1 intended to prevent or limit the department of health services and the  
2 department of economic security from joint case management of any child who  
3 qualifies for services from both agencies or from sharing the noneducational  
4 costs of providing those services. The educational costs incurred by the  
5 placement of a child with a disability in an out-of-home care facility shall  
6 be paid as follows:

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

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

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

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

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

42 N. If appropriate services are offered by the school district and the  
43 parent or the child chooses for the child to attend a private facility,  
44 either for day care or for twenty-four hour care, neither the school district  
45 nor the respective agency is obligated to assume the cost of the private  
46 facility. If residential twenty-four hour care is necessitated by factors  
47 such as the child's home condition and is not related to the special  
48 educational needs of the child, the agency responsible for the care of the



child is not required to pay any additional costs of room and board and nonmedical expenses pursuant to this section.

Sec. 27. Section 15-808, Arizona Revised Statutes, is amended to read:

15-808. Arizona online instruction; reports; definitions

A. ~~A technology assisted project-based instruction program~~ ARIZONA ONLINE INSTRUCTION shall be instituted ~~on a pilot basis~~ to meet the needs of pupils in the information age. ~~Until June 30, 2003,~~ The state board of education shall select ~~up to four existing~~ traditional public schools, ~~at least one of which shall serve pupils in kindergarten programs and grades one through twelve, and beginning July 1, 2003, the state board of education shall select seven existing traditional public schools~~ TO BE ONLINE COURSE PROVIDERS and the state board for charter schools shall ~~select seven~~ SPONSOR SELECTED charter schools to ~~participate in the program~~ BE ONLINE COURSE PROVIDERS OR ONLINE SCHOOLS based on the following criteria:

1. The depth and breadth of curriculum choices.

2. The variety of educational methodologies employed by the school and the means of addressing the unique needs and learning styles of targeted pupil populations, including computer assisted learning systems, virtual classrooms, virtual laboratories, electronic field trips, electronic mail, virtual tutoring, online help desk, group chat sessions and noncomputer based activities performed under the direction of a certificated teacher.

3. The availability of an intranet or private network to safeguard pupils against predatory and pornographic elements of the internet.

4. The availability of filtered research access to the internet.

5. The availability of private individual electronic mail between pupils, teachers, administrators and parents in order to protect the confidentiality of pupil records and information.

~~6. The availability of broadcast quality television production and editing facilities on campus.~~

~~7. The availability of faculty members who are experienced in broadcast television production.~~

~~8.~~ 6. The availability of faculty members who are experienced with computer networks, the internet and computer animation.

~~9.~~ 7. The extent to which the school intends to develop partnerships with universities, community colleges and private businesses.

~~10.~~ 8. The services offered to developmentally disabled populations.

~~11.~~ 9. The grade levels that will be served ~~by the program.~~

B. ~~Notwithstanding subsection A of this section, any school that was previously approved to participate is required to reapply every five years for participation in the program.~~ EACH NEW SCHOOL THAT PROVIDES ONLINE INSTRUCTION SHALL PROVIDE ONLINE INSTRUCTION ON A PROBATIONARY STATUS. AFTER A NEW SCHOOL THAT PROVIDES ONLINE INSTRUCTION HAS CLEARLY DEMONSTRATED THE ACADEMIC INTEGRITY OF ITS INSTRUCTION THROUGH THE ACTUAL IMPROVEMENT OF THE ACADEMIC PERFORMANCE OF ITS STUDENTS, THE SCHOOL MAY APPLY TO BE REMOVED FROM PROBATIONARY STATUS. THE STATE BOARD OF EDUCATION OR THE STATE BOARD FOR CHARTER SCHOOLS SHALL REMOVE FROM ARIZONA ONLINE INSTRUCTION ANY PROBATIONARY SCHOOL THAT FAILS TO CLEARLY DEMONSTRATE IMPROVEMENT IN ACADEMIC PERFORMANCE WITHIN THREE YEARS MEASURED AGAINST GOALS IN THE APPROVED APPLICATION AND THE



1        **STATE'S ACCOUNTABILITY SYSTEM.** The state board of education and the state  
2        board for charter schools shall review the effectiveness of each  
3        participating school and other information ~~that is contained in the annual~~  
4        ~~report prescribed in~~ **PURSUANT TO** subsection C of this section. ~~to determine~~  
5        ~~whether to renew a school's participation in the technology assisted~~  
6        ~~project-based instruction program. At least eighty per cent of the pupils~~  
7        ~~who are accepted each academic school year in each school participating in~~  
8        ~~the program must have been previously enrolled in and attended a public~~  
9        ~~school in the previous school year. Kindergarten pupils shall not~~  
10       ~~participate in the technology assisted project-based instruction program,~~  
11       ~~except that a kindergarten pupil may participate in the program if the pupil~~  
12       ~~has a sibling who is currently enrolled in and attending the program. ALL~~  
13       **PUPILS WHO PARTICIPATE IN ARIZONA ONLINE INSTRUCTION SHALL RESIDE IN THIS**  
14       **STATE.** Pupils who participate in ~~the program~~ **ARIZONA ONLINE INSTRUCTION** are  
15       subject to the testing requirements prescribed in chapter 7, article 3 of  
16       this title. Upon enrollment, the school shall notify the parents or  
17       guardians of the pupil of the state testing requirements. If a pupil fails  
18       to comply with the testing requirements and the school administers the tests  
19       pursuant to this subsection to less than ninety-five per cent of the pupils  
20       in ~~the program~~ **ARIZONA ONLINE INSTRUCTION**, the pupil shall not be allowed to  
21       participate in ~~the program~~ **ARIZONA ONLINE INSTRUCTION.**

22       ~~C. Each school selected by the state board of education to participate~~  
23       ~~in the technology assisted project-based instruction program shall submit an~~  
24       ~~annual report to the state board of education and the joint legislative~~  
25       ~~budget committee. The state board of education and the state board for~~  
26       ~~charter schools shall collaborate to develop a uniform reporting format to be~~  
27       ~~used by all schools that participate in the program. Beginning July 1, 2003,~~  
28       ~~each school selected by the state board for charter schools to participate in~~  
29       ~~the technology assisted project-based instruction program shall submit an~~  
30       ~~annual report to the state board for charter schools and the joint~~  
31       ~~legislative budget committee. The reports shall be submitted by August 1 and~~  
32       ~~shall include the following information:~~

33       1. ~~A description of the educational services that are offered under~~  
34       ~~the program and that specifically relate to the depth and breadth of the~~  
35       ~~curriculum choices offered by the school.~~

36       2. ~~A description of the effects of media and technology on the~~  
37       ~~delivery of specific educational services to specific pupil populations.~~

38       3. ~~Academic advancement as measured in grade level equivalents each~~  
39       ~~academic year based on a standardized norm referenced achievement test.~~

40       4. ~~Data identified by the state board of education or the state board~~  
41       ~~for charter schools, as appropriate, that compares the academic performance~~  
42       ~~of pupils who participate in the technology assisted project based~~  
43       ~~instruction program with other pupils in this state and with pupils in that~~  
44       ~~school who do not participate in the technology assisted project based~~  
45       ~~instruction program.~~

46       5. ~~The results of a survey of pupil satisfaction with the program,~~  
47       ~~including:~~

1           ~~(a) Pupils' attitudes about delivery modalities employed by the~~  
2 ~~school.~~

3           ~~(b) Changes in pupils' attitudes toward learning in general.~~

4           ~~(c) Changes in pupils' attitudes about their own ability to learn and~~  
5 ~~about their own academic progress.~~

6           ~~(d) Pupils' attitudes about the school they attend.~~

7           ~~6. The results of a survey of parental satisfaction with the program,~~  
8 ~~including:~~

9           ~~(a) Parents' and their children's attitudes about the delivery~~  
10 ~~modalities employed by the school.~~

11           ~~(b) Changes in their children's attitudes about learning in general.~~

12           ~~(c) Changes in their children's attitudes about their ability to learn~~  
13 ~~and about their academic progress.~~

14           ~~(d) Parents' and their children's attitudes about the school that the~~  
15 ~~child attends.~~

16           ~~7. A description of the availability and equitable distribution of~~  
17 ~~educational services provided under the program, including specific~~  
18 ~~descriptions of the effectiveness of technology tools and modalities used to~~  
19 ~~address the needs of any underserved populations targeted by the school.~~

20           ~~8. A description of the operational and administrative efficiency of~~  
21 ~~the program.~~

22           ~~9. A description of the cost-effectiveness of the program.~~

23           ~~10. A listing of the salaries, by titles and job descriptions, of the~~  
24 ~~administrators who are employed at or contracted for employment at each~~  
25 ~~school selected by the state board of education or the state board for~~  
26 ~~charter schools to participate in the technology assisted project-based~~  
27 ~~instruction program.~~

28           C. BEGINNING JULY 1, 2010, THE STATE BOARD OF EDUCATION AND THE STATE  
29 BOARD FOR CHARTER SCHOOLS SHALL DEVELOP ANNUAL REPORTING MECHANISMS FOR  
30 SCHOOLS THAT PARTICIPATE IN ARIZONA ONLINE INSTRUCTION.

31           D. The ~~state board~~ DEPARTMENT of education ~~and joint legislative~~  
32 ~~budget committee~~ shall ~~collaboratively~~ compile ~~and evaluate~~ the information  
33 submitted in the annual reports by schools participating in ~~the pilot~~  
34 ~~program, pursuant to subsection C of this section~~ ARIZONA ONLINE INSTRUCTION.  
35 The ~~state board~~ DEPARTMENT of education ~~and the joint legislative budget~~  
36 ~~committee~~ shall SUBMIT THE COMPILED report ~~their findings~~ to the governor,  
37 the speaker of the house of representatives and the president of the senate  
38 by November 15 of each year.

39           E. Each school selected for ~~the technology assisted project-based~~  
40 ~~instruction program~~ ARIZONA ONLINE INSTRUCTION shall ensure that a daily log  
41 is maintained for each pupil who participates in ~~the program~~ ARIZONA ONLINE  
42 INSTRUCTION. The daily log shall describe the amount of time spent by each  
43 pupil participating in ~~the program~~ ARIZONA ONLINE INSTRUCTION pursuant to  
44 this section on academic tasks. The daily log shall be used by the school  
45 district or charter school to qualify the pupils who participate in ~~the~~  
46 ~~program~~ ARIZONA ONLINE INSTRUCTION in the school's average daily attendance  
47 calculations pursuant to section 15-901.

1 F. If a pupil is enrolled in a school district or charter school and  
2 also participates in ~~the technology assisted project-based instruction~~  
3 ~~program~~ ARIZONA ONLINE INSTRUCTION, the sum of the average daily membership,  
4 which includes enrollment as prescribed in section 15-901, subsection A,  
5 paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in  
6 section 15-901, subsection A, paragraph 6, for that pupil in the school  
7 district or charter school and in ~~the technology assisted project-based~~  
8 ~~instruction program~~ ARIZONA ONLINE INSTRUCTION shall not exceed 1.0. If the  
9 pupil is enrolled in a school district or a charter school and also  
10 participates in ~~the technology assisted project-based instruction program~~  
11 ARIZONA ONLINE INSTRUCTION and the sum of the daily membership or daily  
12 attendance for that pupil is greater than 1.0, the sum shall be reduced to  
13 1.0 and shall be apportioned between the school district or charter school  
14 and ~~the technology assisted project-based instruction program~~ ARIZONA ONLINE  
15 INSTRUCTION based on the percentage of total time that the pupil is enrolled  
16 or in attendance in the school district or charter school and ~~the technology~~  
17 ~~assisted project-based instruction program~~ ARIZONA ONLINE INSTRUCTION. The  
18 uniform system of financial records shall include guidelines for the  
19 apportionment of the pupil enrollment and attendance as provided in this  
20 subsection. PUPILS IN ARIZONA ONLINE INSTRUCTION DO NOT INCUR ABSENCES FOR  
21 PURPOSES OF SECTION 15-901 AND MAY GENERATE AN AVERAGE DAILY MEMBERSHIP OF  
22 1.0 FOR ATTENDANCE HOURS DURING ANY HOUR OF THE DAY, DURING ANY DAY OF THE  
23 WEEK AND AT ANY TIME BETWEEN JULY 1 AND JUNE 30 OF EACH FISCAL YEAR. AVERAGE  
24 DAILY MEMBERSHIP SHALL BE CALCULATED BY DIVIDING THE INSTRUCTIONAL HOURS AS  
25 REPORTED IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION BY THE  
26 APPLICABLE HOURLY REQUIREMENTS PRESCRIBED IN SECTION 15-901 AND SHALL NOT  
27 EXCEED 1.0. FUNDING SHALL BE DETERMINED AS FOLLOWS:

28 1. PUPILS WHO ARE ENROLLED FULL TIME IN ARIZONA ONLINE INSTRUCTION  
29 SHALL BE FUNDED FOR ONLINE INSTRUCTION AT NINETY-FIVE PER CENT OF THE BASIC  
30 STATE AID THAT WOULD BE CALCULATED FOR THAT PUPIL IF THAT PUPIL WERE ENROLLED  
31 AS A FULL-TIME STUDENT IN A SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE  
32 EQUIVALENT OF SIX HOURS EACH DAY FOR ONE HUNDRED EIGHTY SCHOOL DAYS. AVERAGE  
33 DAILY MEMBERSHIP SHALL NOT BE CALCULATED ON THE ONE HUNDREDTH DAY OF  
34 INSTRUCTION FOR PURPOSES OF THIS SECTION.

35 2. PUPILS WHO ARE ENROLLED PART TIME IN ARIZONA ONLINE INSTRUCTION  
36 SHALL BE FUNDED FOR ONLINE INSTRUCTION AT EIGHTY-FIVE PER CENT OF THE AVERAGE  
37 DAILY MEMBERSHIP THAT WOULD BE CALCULATED FOR THAT PUPIL IF THAT PUPIL WERE  
38 ENROLLED AS A FULL-TIME STUDENT IN A SCHOOL DISTRICT OR CHARTER SCHOOL,  
39 EXCEPT THAT ENROLLMENT HOURS SHALL BE DETERMINED FOR THE EQUIVALENT OF SIX  
40 HOURS EACH DAY FOR ONE HUNDRED EIGHTY SCHOOL DAYS. AVERAGE DAILY MEMBERSHIP  
41 SHALL NOT BE CALCULATED ON THE ONE HUNDREDTH DAY OF INSTRUCTION FOR PURPOSES  
42 OF THIS SECTION.

43 ~~G. If at any time the superintendent of public instruction determines~~  
44 ~~that a school district that was previously admitted to the technology~~  
45 ~~assisted project-based instruction program is not meeting the criteria~~  
46 ~~prescribed in subsection A of this section, the superintendent of public~~  
47 ~~instruction may recommend that the state board of education replace that~~  
48 ~~school district with a school district of the superintendent of public~~

~~instruction's choice that meets the criteria prescribed in subsection A of this section. The state board of education shall consider and take formal action on the superintendent of public instruction's recommendation.~~

~~H. The enrollment of pupils in the technology assisted project-based instruction program in each school that was previously approved to participate in the program shall not grow more than one hundred per cent in any fiscal year.~~

~~I. G.~~ G. If the academic achievement of a pupil declines while the pupil is participating in ~~the technology assisted project-based instruction program~~ ARIZONA ONLINE INSTRUCTION, the pupil's parents, the pupil's teachers and the principal or head teacher of the school shall confer to evaluate whether the pupil should be allowed to continue to participate in ~~the program~~ ARIZONA ONLINE INSTRUCTION.

H. TO ENSURE THE ACADEMIC INTEGRITY OF PUPILS WHO PARTICIPATE IN ARIZONA ONLINE INSTRUCTION, ARIZONA ONLINE INSTRUCTION SHALL INCLUDE MULTIPLE DIVERSE ASSESSMENT MEASURES AND THE PROCTORED ADMINISTRATION OF REQUIRED STATE STANDARDIZED TESTS.

I. FOR THE PURPOSES OF THIS SECTION:

1. "ENROLLED FULL TIME" MEANS:

(a) A PUPIL IN A KINDERGARTEN PROGRAM OR GRADES ONE THROUGH SIX WHO QUALIFIES AS A FULL-TIME STUDENT AS DEFINED IN SECTION 15-901 AND WHO IS ENROLLED IN ANY COMBINATION OF ONLINE INSTRUCTION, A SCHOOL IN A SCHOOL DISTRICT OR A CHARTER SCHOOL.

(b) A PUPIL IN GRADES SEVEN THROUGH TWELVE WHO IS ENROLLED FOR AN AVERAGE OF THE EQUIVALENT OF AT LEAST SIX HOURS EACH DAY FOR ONE HUNDRED EIGHTY SCHOOL DAYS IN ANY COMBINATION OF ONLINE INSTRUCTION, A SCHOOL IN A SCHOOL DISTRICT OR A CHARTER SCHOOL.

2. "ENROLLED PART TIME" MEANS:

(a) A PUPIL IN A KINDERGARTEN PROGRAM OR GRADES ONE THROUGH SIX WHO QUALIFIES AS A FRACTIONAL STUDENT AS DEFINED IN SECTION 15-901 AND WHO IS ENROLLED IN ANY COMBINATION OF ONLINE INSTRUCTION, A SCHOOL IN A SCHOOL DISTRICT OR A CHARTER SCHOOL, EXCEPT THAT ENROLLMENT HOURS SHALL BE DETERMINED FOR THE EQUIVALENT OF AT LEAST SIX HOURS EACH DAY FOR ONE HUNDRED EIGHTY SCHOOL DAYS.

(b) A PUPIL IN GRADES SEVEN THROUGH TWELVE WHO QUALIFIES AS A FRACTIONAL STUDENT AS DEFINED IN SECTION 15-901 AND WHO IS ENROLLED IN ANY COMBINATION OF ONLINE INSTRUCTION, A SCHOOL IN A SCHOOL DISTRICT OR A CHARTER SCHOOL, EXCEPT THAT ENROLLMENT HOURS SHALL BE COMPUTED AS A FRACTION OF THE EQUIVALENT OF SIX HOURS EACH DAY FOR ONE HUNDRED EIGHTY SCHOOL DAYS.

3. "ONLINE SCHOOL" MEANS A CHARTER SCHOOL THAT IS SPONSORED BY THE STATE BOARD FOR CHARTER SCHOOLS, THAT IS SELECTED BY THE STATE BOARD FOR CHARTER SCHOOLS TO PARTICIPATE IN ARIZONA ONLINE INSTRUCTION AND THAT PROVIDES AT LEAST FOUR ONLINE ACADEMIC COURSES OR ONE OR MORE ONLINE COURSES FOR THE EQUIVALENT OF AT LEAST SIX HOURS EACH DAY FOR ONE HUNDRED EIGHTY SCHOOL DAYS.

4. "ONLINE COURSE PROVIDER" MEANS A SCHOOL OTHER THAN AN ONLINE SCHOOL THAT IS SELECTED BY THE STATE BOARD OF EDUCATION OR THE STATE BOARD FOR CHARTER SCHOOLS TO PARTICIPATE IN ARIZONA ONLINE INSTRUCTION PURSUANT TO THIS

SECTION AND THAT PROVIDES AT LEAST ONE ONLINE ACADEMIC COURSE THAT IS  
APPROVED BY THE STATE BOARD OF EDUCATION."

Renumber to conform

Page 29, between lines 2 and 3, insert:

"Sec. 29. Section 15-843, Arizona Revised Statutes, is amended to  
read:

15-843. Pupil disciplinary proceedings

A. An action concerning discipline, suspension or expulsion of a pupil  
is not subject to title 38, chapter 3, article 3.1, except that the governing  
board of a school district shall post regular notice and shall take minutes  
of any hearing held by the governing board concerning the discipline,  
suspension or expulsion of a pupil.

B. The governing board of any school district, in consultation with  
the teachers and parents of the school district, shall prescribe rules for  
the discipline, suspension and expulsion of pupils. The rules shall be  
consistent with the constitutional rights of pupils and shall include at  
least the following:

1. Penalties for excessive pupil absenteeism pursuant to section  
15-803, including failure in a subject, failure to pass a grade, suspension  
or expulsion.

2. Procedures for the use of corporal punishment if allowed by the  
governing board.

3. Procedures for the reasonable use of physical force by certificated  
or classified personnel in self-defense, defense of others and defense of  
property.

4. Procedures for dealing with pupils who have committed or who are  
believed to have committed a crime.

5. A notice and hearing procedure for cases concerning the suspension  
of a pupil for more than ten days.

6. Procedures and conditions for readmission of a pupil who has been  
expelled or suspended for more than ten days.

7. Procedures for appeal to the governing board of the suspension of a  
pupil for more than ten days, if the decision to suspend the pupil was not  
made by the governing board.

8. Procedures for appeal of the recommendation of the hearing officer  
or officers designated by the board as provided in subsection F of this  
section at the time the board considers the recommendation.

C. Penalties adopted pursuant to subsection B, paragraph 1 of this  
section for excessive absenteeism shall not be applied to pupils who have  
completed the course requirements and whose absence from school is due solely  
to illness, disease or accident as certified by a person who is licensed  
pursuant to title 32, chapter 7, 13, 15 or 17.

D. The governing board shall:

1. Support and assist teachers in the implementation and enforcement  
of the rules prescribed pursuant to subsection B of this section.

2. Develop procedures allowing teachers and principals to recommend  
the suspension or expulsion of pupils.

1           3. Develop procedures allowing teachers and principals to temporarily  
2 remove disruptive pupils from a class.

3           4. Delegate to the principal the authority to remove a disruptive  
4 pupil from the classroom.

5           E. If a pupil withdraws from school after receiving notice of possible  
6 action concerning discipline, expulsion or suspension, the governing board  
7 may continue with the action after the withdrawal and may record the results  
8 of such action in the pupil's permanent file.

9           F. In all action concerning the expulsion of a pupil, the governing  
10 board of a school district shall:

11           1. Be notified of the intended action.

12           2. EITHER:

13           (a) Decide, in executive session, whether to hold a hearing or to  
14 designate one or more hearing officers to hold a hearing to hear the  
15 evidence, prepare a record and bring a recommendation to the board for action  
16 and whether the hearing shall be held in executive session.

17           (b) PROVIDE BY POLICY OR VOTE AT ITS ANNUAL ORGANIZATIONAL MEETING  
18 THAT ALL HEARINGS CONCERNING THE EXPULSION OF A PUPIL CONDUCTED PURSUANT TO  
19 THIS SECTION WILL BE CONDUCTED BEFORE A HEARING OFFICER SELECTED FROM A LIST  
20 OF HEARING OFFICERS APPROVED BY THE GOVERNING BOARD.

21           3. Give written notice, at least five working days ~~prior to~~ BEFORE the  
22 hearing by the governing board or the hearing officer or officers designated  
23 by the governing board, to all pupils subject to expulsion and their parents  
24 or guardians of the date, time and place of the hearing. If the governing  
25 board decides that the hearing is to be held in executive session, the  
26 written notice shall include a statement of the right of the parents or  
27 guardians or an emancipated pupil who is subject to expulsion to object to  
28 the governing board's decision to have the hearing held in executive session.  
29 Objections shall be made in writing to the governing board.

30           G. If a parent or guardian or an emancipated pupil who is subject to  
31 expulsion disagrees that the hearing should be held in executive session, it  
32 shall be held in an open meeting unless:

33           1. If only one pupil is subject to expulsion and disagreement exists  
34 between that pupil's parents or guardians, the governing board, after  
35 consultations with the pupil's parents or guardians or the emancipated pupil,  
36 shall decide in executive session whether the hearing will be in executive  
37 session.

38           2. If more than one pupil is subject to expulsion and disagreement  
39 exists between the parents or guardians of different pupils, ~~then~~ separate  
40 hearings shall be held subject to ~~the provisions of~~ this section.

41           H. This section does not prevent the pupil who is subject to expulsion  
42 or suspension, and the pupil's parents or guardians and legal counsel, from  
43 attending any executive session pertaining to the proposed disciplinary  
44 action, from having access to the minutes and testimony of the executive  
45 session or from recording the session at the parent's or guardian's expense.

46           I. In schools employing a superintendent or a principal, the authority  
47 to suspend a pupil from school is vested in the superintendent, principal or

1 other school officials granted this power by the governing board of the  
2 school district.

3 J. In schools that do not have a superintendent or principal, a  
4 teacher may suspend a pupil from school.

5 K. In all cases of suspension, it shall be for good cause and shall be  
6 reported within five days to the governing board by the superintendent or the  
7 person imposing the suspension.

8 ~~L. A teacher who fails to comply with this section is guilty of~~  
9 ~~unprofessional conduct and the teacher's certificate may be revoked.~~

10 ~~M.~~ L. The principal of each school shall ~~insure~~ ENSURE that a copy of  
11 all rules pertaining to discipline, suspension and expulsion of pupils is  
12 distributed to the parents of each pupil at the time the pupil is enrolled in  
13 school.

14 ~~N.~~ M. The principal of each school shall ensure that all rules  
15 pertaining to the discipline, suspension and expulsion of pupils are  
16 communicated to students at the beginning of each school year, and to  
17 transfer students at the time of their enrollment in the school."

18 Renumber to conform

19 Page 32, lines 5 and 6, strike "THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION  
20 PROGRAM" insert "ARIZONA ONLINE INSTRUCTION"

21 Lines 7 and 8, strike "THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION  
22 PROGRAM" insert "ARIZONA ONLINE INSTRUCTION"

23 Lines 9, 12 and 13, strike "THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION  
24 PROGRAM" insert "ARIZONA ONLINE INSTRUCTION"

25 Page 41, strike lines 1 through 15, insert:

26 "Sec. 31. Title 15, chapter 9, article 1, Arizona Revised Statutes, is  
27 amended by adding section 15-901.05, to read:

28 15-901.05. Audits; average daily membership; repayment

29 NOTWITHSTANDING ANY OTHER LAW, IF THE SUPERINTENDENT OF PUBLIC  
30 INSTRUCTION ALLOWS A SCHOOL DISTRICT THAT IS REQUIRED TO REPAY MONIES TO THIS  
31 STATE AS THE RESULT OF AN AVERAGE DAILY MEMBERSHIP AUDIT CONDUCTED AFTER THE  
32 EFFECTIVE DATE OF THIS SECTION BY THE DEPARTMENT OF EDUCATION OR THE OFFICE  
33 OF THE AUDITOR GENERAL TO REPAY THE FULL AMOUNT OF THE MONIES DUE TO THIS  
34 STATE AS A RESULT OF THE AUDIT UP TO TWO YEARS AFTER THE DATE OF THE AUDIT  
35 FINDING, THE SCHOOL DISTRICT MAY THEREAFTER PETITION THE STATE BOARD OF  
36 EDUCATION TO EXTEND THE ORIGINAL TWO-YEAR REPAYMENT PERIOD BY UP TO AN  
37 ADDITIONAL THREE YEARS.

38 Sec. 32. Section 15-905, Arizona Revised Statutes, is amended to read:

39 15-905. School district budgets; notice; adoption; aggregate  
40 budget limit; summary; adjustments; definition

41 A. Not later than July 5 of each year or no later than the publication  
42 of notice of the public hearing and board meeting as required by this  
43 section, the governing board of each school district shall prepare and  
44 furnish to the superintendent of public instruction and the county school  
45 superintendent, unless waived by the county school superintendent, a proposed  
46 budget in electronic format for the budget year, which shall contain the  
47 information and be in the form as provided by the department of education.  
48 The proposed budget shall include the following:



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

3           2. The total amount of revenues by source that will be necessary to  
4 meet the proposed budget of the school district, excluding property taxes.  
5 The governing board shall prepare the proposed budget and a summary of the  
6 proposed budget. Both documents shall be kept on file at the school district  
7 office and shall be made available to the public upon request. The auditor  
8 general in conjunction with the department of education shall prescribe the  
9 form of the summary of the proposed budget for use by governing boards.  
10 School district governing boards may include in the proposed budget any items  
11 or amounts which are authorized by legislation filed with the secretary of  
12 state and which will become effective during the budget year. If subsequent  
13 events prevent the legislation from becoming effective, school district  
14 governing boards must reduce their budgets by the amounts budgeted pursuant  
15 to the legislation which did not become effective.

16           B. The governing board of each school district shall prepare a notice  
17 fixing a time not later than July 15 and designating a public place within  
18 each school district at which a public hearing and board meeting shall be  
19 held. The governing board shall present the proposed budget for  
20 consideration of the residents and the taxpayers of the school district at  
21 such hearing and meeting.

22           C. The governing board of each school district shall publish or mail,  
23 prior to the hearing and meeting, a copy of the proposed budget or the  
24 summary of the proposed budget and, in addition, a notice of the public  
25 hearing and board meeting no later than ten days prior to the meeting. The  
26 proposed budget and the summary of the proposed budget shall contain the  
27 percentage of increase or decrease in each budget category of the proposed  
28 budget as compared to each category of the budget for the current year.  
29 Notification shall be either by publication in a newspaper of general  
30 circulation within the school district in which the size of the newspaper  
31 print shall be at least eight-point type, by electronic transmission of the  
32 information to the department of education for posting on the department's  
33 ~~web-site~~ WEBSITE or by mailing the information to each household in the  
34 school district. The cost of publication, ~~web-site~~ WEBSITE posting or  
35 mailing shall be a charge against the school district. The publisher's  
36 affidavit of publication shall be filed by the governing board with the  
37 superintendent of public instruction within thirty days after publication.  
38 If the budget or proposed budget and notice are posted on a ~~web-site~~ WEBSITE  
39 maintained by the department of education or mailed, the board shall file an  
40 affidavit with the superintendent of public instruction within thirty days  
41 after the mailing or the date that the information is posted on the ~~web-site~~  
42 WEBSITE. If a truth in taxation notice and hearing is required under section  
43 15-905.01, the governing board may combine the notice and hearing under this  
44 section with the truth in taxation notice and hearing.

45           D. At the time and place fixed in the notice, the governing board  
46 shall hold the public hearing and present the proposed budget to the persons  
47 attending the hearing. Upon request of any person, the governing board shall  
48 explain the budget, and any resident or taxpayer of the school district may



1 protest the inclusion of any item. A governing board member who has a  
2 substantial interest, as defined in section 38-502, in a specific item in the  
3 school district budget shall refrain from voting on the specific item. A  
4 governing board member may PARTICIPATE without creating a conflict of  
5 interest participate in adoption of a final budget even though the member may  
6 have substantial interest in specific items included in the budget.

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

36 1. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET  
37 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR  
38 THE SOFT CAPITAL ALLOCATION LIMIT BY ONE PER CENT OF THE GENERAL BUDGET LIMIT  
39 OR ONE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, IT SHALL ADOPT ON OR  
40 BEFORE DECEMBER 15, AFTER IT GIVES NOTICE AND HOLDS A PUBLIC MEETING IN A  
41 SIMILAR MANNER AS PROVIDED IN SUBSECTIONS C AND D OF THIS SECTION, A REVISED  
42 BUDGET FOR THE CURRENT YEAR, WHICH SHALL NOT EXCEED THE GENERAL BUDGET LIMIT,  
43 THE UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT.

44 2. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET  
45 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR  
46 THE SOFT CAPITAL ALLOCATION LIMIT BY LESS THAN THE AMOUNT PRESCRIBED IN  
47 PARAGRAPH 1 OF THIS SUBSECTION, THE GOVERNING BOARD SHALL ADJUST THE BUDGET  
48 AND EXPENDITURES SO AS NOT TO EXCEED THE GENERAL BUDGET LIMIT, THE

UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT FOR THE CURRENT YEAR.

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

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

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

- (a) The maintenance and operation section.
- (b) The capital outlay section.

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

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

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

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

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

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

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

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

I. School districts which overestimated tuition revenues as provided in section 15-947, subsection C, paragraph 2 shall adjust the general budget limit and expenditures based upon tuition revenues for attendance of nonresident pupils during the current fiscal year. School districts which

1 underestimated tuition revenues may adjust their budgets prior to May 15  
2 based upon tuition revenues for attendance of nonresident pupils during the  
3 current fiscal year. School districts which overestimated revenues as  
4 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items  
5 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit  
6 and expenditures based on actual revenues during the current fiscal year.  
7 School districts which underestimated such revenues may adjust their budgets  
8 before May 15 based on actual revenues during the current fiscal year.  
9 Procedures for completing adjustments shall be as prescribed in the uniform  
10 system of financial records. Not later than May 18, the budget as adjusted  
11 shall be submitted electronically to the superintendent of public  
12 instruction.

13 J. A common school district not within a high school district whose  
14 estimated tuition charge for high school pupils exceeds the actual tuition  
15 charge for high school pupils shall adjust the general budget limit and  
16 expenditures based on the actual tuition charge. Not later than May 18, the  
17 budget as adjusted shall be submitted electronically to the superintendent of  
18 public instruction. A common school district not within a high school  
19 district whose estimated tuition charge for high school pupils is less than  
20 the actual tuition charge for high school pupils may adjust its budget before  
21 May 15 based on the actual tuition charge. Procedures for completing  
22 adjustments shall be as prescribed in the uniform system of financial  
23 records. If the adjusted general budget limit requires an adjustment of  
24 state aid and if the adjustment to state aid is not made in the current year,  
25 the superintendent of public instruction shall adjust by August 15 of the  
26 succeeding fiscal year the apportionment of state aid to the school district  
27 to correct any overpayment or underpayment of state aid received during the  
28 current year.

29 K. The governing board may include P.L. 81-874 assistance allocated  
30 for children with disabilities, children with specific learning disabilities,  
31 children residing on Indian lands and children residing within the boundaries  
32 of an accommodation school that is located on a military reservation and that  
33 is classified as a heavily impacted local educational agency pursuant to 20  
34 United States Code section 7703 which is in addition to basic assistance when  
35 determining the general budget limit as prescribed in section 15-947,  
36 subsection C. The increase in the general budget limit for children residing  
37 within the boundaries of an accommodation school that is located on a  
38 military reservation and that is classified as a heavily impacted local  
39 education agency shall equal the dollar amount calculated pursuant to 20  
40 United States Code section 7703(b)(2). The governing board may adjust before  
41 May 15 the budget for the current year based on any adjustments which result  
42 in increases over the amount estimated by the superintendent of public  
43 instruction for P.L. 81-874 assistance for such pupils for the fiscal year  
44 preceding the current year. The governing board shall adjust before May 15  
45 the budget for the current year based on any adjustments which result in  
46 decreases in the amount estimated by the superintendent of public instruction  
47 for P.L. 81-874 assistance for such pupils for the fiscal year preceding the  
48 current year. Not later than May 18, the budget as adjusted shall be

1 submitted electronically to the superintendent of public instruction.  
2 Procedures for complying with this subsection shall be as prescribed in the  
3 uniform system of financial records.

4 L. The state board of education shall hold a hearing if expenditures  
5 by any school district exceed the general budget limit prescribed in section  
6 15-947, subsection C, the unrestricted capital budget limit, the soft capital  
7 allocation limit prescribed in section 15-947, subsection E, the school plant  
8 fund limits prescribed in section 15-1102, subsection B, the maintenance and  
9 operation section of the budget or the capital outlay section of the budget.  
10 If the expenditures of any school district exceed these limits or sections of  
11 the budget without authorization as provided in section 15-907, the state  
12 board of education shall reduce the state aid for equalization assistance for  
13 education for the school district computed as provided in section 15-971  
14 during the fiscal year subsequent to the fiscal year in which the excess  
15 expenditures were made by an amount equal to the excess expenditures, except  
16 that in case of hardship to the school district, the superintendent of public  
17 instruction may approve reductions partly in the first subsequent year and  
18 partly in the second subsequent year.

19 M. The governing board of a school district shall reduce the general  
20 budget limit, the unrestricted capital budget limit or the soft capital  
21 allocation limit, ~~—~~ for the year subsequent to the year in which the  
22 expenditures were in excess of the applicable limit or section of the budget  
23 by the amount determined in subsection L of this section, except that in case  
24 of hardship to the school district, the superintendent of public instruction  
25 may approve reductions partly in the first subsequent year and partly in the  
26 second subsequent year. The reduction in the limit is applicable to each  
27 school district which has exceeded the general budget limit, the unrestricted  
28 capital budget limit, the soft capital allocation limit or a section of the  
29 budget even if the reduction exceeds the state aid for equalization  
30 assistance for education for the school district.

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

1 a discounted price for the service, as prescribed by the uniform system of  
2 financial records.

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

9 1. For fiscal year 1988-1989:

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

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

20 (c) Multiply one thousand nine hundred fourteen dollars by the number  
21 of children residing on Indian lands who have disabilities or also have  
22 specific learning disabilities reported to the division of impact aid, United  
23 States department of education in the district's application for fiscal year  
24 1987-1988.

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

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

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

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

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

1 P. A school district, except for an accommodation school, which  
2 applies for P.L. 81-874 assistance during the current year may budget an  
3 amount for P.L. 81-874 administrative costs for the budget year. The amount  
4 budgeted for P.L. 81-874 administrative costs is exempt from the revenue  
5 control limit and may not exceed an amount determined for the budgeted year  
6 as follows:

7 1. Determine the minimum cost. The minimum cost for fiscal year  
8 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year  
9 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior  
10 year increased by the growth rate as prescribed by law, subject to  
11 appropriation.

12 2. Determine the hourly rate. The hourly rate for fiscal year  
13 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and  
14 thereafter, the hourly rate is the hourly rate for the prior year increased  
15 by the growth rate as prescribed by law, subject to appropriation.

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

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

22 (a) Determine the sum of the following:

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

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

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

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

31 (b) For the purposes of this paragraph:

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

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

45 5. Multiply the total number of administrative hours determined in  
46 paragraph 4 of this subsection by the hourly rate determined in paragraph 2  
47 of this subsection.

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

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

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

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

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

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

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

44           Renumber to conform

Page 48, strike lines 10, 11 and 12

Renumber to conform

Lines 34 and 36, after "any" insert "SIGNIFICANT"

Line 37, after the period, insert "IF A SCHOOL DISTRICT IS REQUIRED TO CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE PURSUANT TO THIS SUBSECTION BECAUSE OF SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT MAY SUBSEQUENTLY CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS TWO ANNUAL AUDITS DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. FOR THE PURPOSES OF THIS SUBSECTION, "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING THAT RESULTS IN THE ISSUANCE OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR GENERAL."

Page 49, line 5, strike "TO THE EXTENT PERMITTED BY FEDERAL LAW, A CHARTER SCHOOL THAT IS"

Strike lines 6 through 10

Line 15, strike "TO THE EXTENT PERMITTED BY FEDERAL LAW, A CHARTER SCHOOL THAT IS"

Strike lines 16 through 20

Page 50, strike lines 19 through 37

Strike pages 51 and 52, insert:

"Sec. 35. Section 15-914.01, Arizona Revised Statutes, is amended to read:

15-914.01. Accounting responsibility; definition

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

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

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

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

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

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

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

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

C. Prior to January 1 of the fiscal year preceding the fiscal year of implementation and before submitting an application to assume accounting responsibility, a school district shall apply for evaluation by the auditor general. On completion of the evaluation the auditor general may recommend



1 approval or denial of accounting responsibility to the state board of  
2 education. The evaluation by the auditor general shall be performed  
3 contingent on staff availability and may be billed to the school district at  
4 cost. Evaluation at a minimum shall include the following:

5 1. The most recent financial statements audited by an independent  
6 certified public accountant.

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

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

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

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

32 E. To assume accounting responsibility a school district shall notify  
33 the county treasurer and the county school superintendent of its intention  
34 before March 1 of the fiscal year preceding the fiscal year of  
35 implementation. On notification, the county treasurer shall establish  
36 acceptable standards for interface by school districts with the county  
37 treasurer, including specifications for computer hardware and software  
38 compatibility and procedures to ensure the capacity of each school district  
39 for reconciliation of accounts with those of the county treasurer.

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

45 G. Any school district that has assumed accounting responsibility  
46 pursuant to this section, that fails to maintain accounting standards as  
47 provided by the uniform system of financial records and THAT is found to be  
48 in noncompliance with the uniform system of financial records by the state

board of education as provided in section 15-272 is no longer eligible to participate in the program provided by this section.

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

Renumber to conform

Page 53, strike lines 24 through 37

Page 54, strike lines 1 through 24

Renumber to conform

Strike lines 27 through 36

Page 55, strike lines 1 through 32

Renumber to conform

Page 56, line 2, after the period strike remainder of line

Strike lines 3, 4 and 5

Strike lines 27 through 31

Page 60, strike lines 22 through 37

Page 61, strike lines 1 through 11

Renumber to conform

Page 64, strike lines 28 through 31, insert:

"1. BY THE CLOSE OF BUSINESS ON AUGUST 1, ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR."

Renumber to conform

Line 32, strike "30" insert "1"

Line 34, strike "31" insert "1"

Line 36, strike "30" insert "1"

Page 65, line 1, strike "31" insert "1"

Line 3, strike "31" insert "1"

Line 5, strike "28" insert "1"

Line 7, strike "31" insert "1"

Line 9, strike "30" insert "1"

Line 11, strike "31" insert "1"

Between lines 12 and 13, insert:

"11. BY THE CLOSE OF BUSINESS ON JUNE 1, ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR."

Renumber to conform

Page 69, line 19, after "year" insert "ADJUSTED FOR ANY PRIOR YEAR CARRYFORWARD OR SHORTFALL"

Page 72, between lines 19 and 20, insert:

"Sec. 43. Section 15-1021, Arizona Revised Statutes, is amended to read:

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

A. Until December 31, 1999, a school district may issue class A bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not

1 exceeding fifteen per cent of the taxable property used for secondary  
2 property tax purposes, as determined pursuant to title 42, chapter 15,  
3 article 1, within a school district as ascertained by the last property tax  
4 assessment previous to issuing the bonds.

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

18 C. Until December 31, 1999, a unified school district, as defined  
19 under article IX, section 8.1, Constitution of Arizona, may issue class A  
20 bonds for the purposes specified in this section and chapter 4, article 5 of  
21 this title to an amount in the aggregate, including the existing  
22 indebtedness, not exceeding thirty per cent of the taxable property used for  
23 secondary property tax purposes, as determined pursuant to title 42, chapter  
24 15, article 1, within a unified school district as ascertained by the last  
25 property tax assessment previous to issuing the bonds.

26 D. From and after December 31, 1998, a unified school district, as  
27 defined under article IX, section 8.1, Constitution of Arizona, may issue  
28 class B bonds for the purposes specified in this section and chapter 4,  
29 article 5 of this title to an amount in the aggregate, including the existing  
30 class B indebtedness, not exceeding ten per cent of the taxable property used  
31 for secondary tax purposes, as determined pursuant to title 42, chapter 15,  
32 article 1, within a school district as ascertained by the last assessment of  
33 state and county taxes previous to issuing the bonds, or one thousand five  
34 hundred dollars per student count as determined pursuant to section 15-902,  
35 whichever amount is greater. A unified school district shall not issue class  
36 B bonds until the proceeds of any class A bonds issued by the unified school  
37 district have been obligated in contract. The total amount of class A and  
38 class B bonds issued by a unified school district shall not exceed the debt  
39 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

40 E. No bonds authorized to be issued by an election held after July 1,  
41 1980 may be issued more than six years after the date of the election, except  
42 that class A bonds shall not be issued after December 31, 1999.

43 F. ~~Class A~~ EXCEPT AS PROVIDED IN SECTION 15-491, SUBSECTION A,  
44 PARAGRAPH 3, bond proceeds shall not be expended for items whose useful life  
45 is less than the average life of the bonds issued, except that bond proceeds  
46 shall not be expended for items whose useful life is less than five years.

47 ~~G. Except as provided in subsection H of this section, class B bond~~  
48 ~~proceeds shall not be expended for soft capital items, computer hardware, or~~

~~other items whose useful life is less than the average useful life of the bonds issued, except that bond proceeds shall not be expended for items whose useful life is less than five years. For the purposes of this subsection, "computer hardware" means an electronic device with an integrated circuit that performs logic, arithmetic or memory functions by the manipulations of electronic or magnetic impulses and includes all input, output, processing, storage, software or communication facilities that are connected or related to such a device in a system or network.~~

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

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

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

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

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

Sec. 44. Section 15-1102, Arizona Revised Statutes, is amended to read:

15-1102. Disposition of proceeds from sale or lease of school property; school plant monies; payment of bonded indebtedness; definition

A. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, may expend the proceeds from the sale or lease of school property for the payment of any outstanding

1 bonded indebtedness of the school district or for the reduction of school  
2 district taxes.

3 B. A common school district or high school district which has an  
4 outstanding bonded indebtedness of seven per cent of the current year's  
5 assessed valuation or less or a unified school district which has an  
6 outstanding bonded indebtedness of fourteen per cent of the current year's  
7 assessed valuation or less may expend the proceeds from the sale or lease of  
8 school property for maintenance and operation or capital outlay, subject to  
9 the following limitations:

10 1. During the period that proceeds from the sale or lease of school  
11 property are used for capital outlay, the school district shall not call an  
12 override election to exceed the capital outlay revenue limit, except that  
13 during the last year of that period the school district may authorize an  
14 override election to exceed the capital outlay revenue limit beginning with  
15 the following year.

16 2. The total sum of the proceeds from the sale of school property  
17 before July 1, 1998 or the lease of school property for more than one year  
18 expended for maintenance and operation shall not exceed fifteen per cent of  
19 the revenue control limit as provided in section 15-947, subsection A in any  
20 year of which ten per cent may be used without voter approval and an  
21 additional five per cent may be used if the additional amount is approved by  
22 a majority of the qualified electors voting in an election called for such  
23 purposes. The election shall be conducted and notice and ballots shall be  
24 prepared as provided in section 15-481. Proceeds from the sale of school  
25 property from and after June 30, 1998 shall not be expended for maintenance  
26 and operation.

27 3. In any fiscal year in which a district utilizes budget increases as  
28 authorized in section 15-481, subsection E or F or section 15-482 or utilizes  
29 the proceeds from the sale of school property before July 1, 1998 or the  
30 lease of school property for more than one year for maintenance and operation  
31 or any combination of these provisions, the total amount of these increases  
32 which may be expended is equal to fifteen per cent of the revenue control  
33 limit for that year as provided in section 15-947, subsection A, provided  
34 that the following maximum amount is attributable to the use of any one  
35 provision:

36 (a) Fifteen per cent of the revenue control limit when using the  
37 proceeds from the sale before July 1, 1998 or lease of school property for  
38 maintenance and operation as provided in this section.

39 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a  
40 budget increase as provided in section 15-481, subsection E or F, or both.

41 (c) Five per cent of the revenue control limit when using a budget  
42 increase as provided in section 15-482.

43 C. A common school district or high school district which has an  
44 outstanding bonded indebtedness of greater than seven per cent of the current  
45 year's assessed valuation or a unified school district which has an  
46 outstanding bonded indebtedness of greater than fourteen per cent of the  
47 current year's assessed valuation may expend the proceeds from the lease or  
48 sale of school property as follows:

1           1. For maintenance and operation, the expenditure may not exceed the  
2           lesser of the limit in subsection B, paragraph 2 or 3 of this section or the  
3           amount of the proceeds from the lease of school property multiplied by .25.

4           2. For capital outlay, the expenditure of the proceeds:

5           (a) From the sale of school property may not exceed the amount of the  
6           proceeds multiplied by .62.

7           (b) From the lease of school property is not limited.

8           D. The governing board, or the superintendent or chief administrative  
9           officer with the approval of the governing board, shall promptly deposit  
10          monies received for and derived from the sale or lease of school property  
11          with the county treasurer who shall establish three school plant funds, one  
12          fund for monies received from the sale before July 1, 1998 or lease of school  
13          property for more than one year, one fund for monies received from the sale  
14          of school property from and after June 30, 1998 and one fund for monies  
15          received from the lease of school property for one year or less. The county  
16          treasurer shall credit the deposits to the respective school plant fund of  
17          the respective school district. Monies placed to the credit of the school  
18          plant funds may be expended as provided in this section. The school plant  
19          funds are continuing funds not subject to reversion.

20          E. Notwithstanding subsection C of this section, the governing board,  
21          or the superintendent or chief administrative officer with the approval of  
22          the governing board, may expend the proceeds from the sale before July 1,  
23          1998 or lease of school property for the additional maintenance and  
24          operations expenses incurred as the result of operating on a year-round  
25          school year operation basis pursuant to section 15-855. The amount that the  
26          governing board, superintendent or chief administrative officer may expend  
27          for a year-round school year operation, as provided in this subsection, is  
28          limited to the actual maintenance and operations costs incurred as the result  
29          of the year-round school year operation as documented in the school  
30          district's budget as provided in section 15-855. A governing board,  
31          superintendent or chief administrative officer that utilizes ~~the provisions~~  
32          of this subsection is subject to all other limitations prescribed in this  
33          section regarding the expenditure of proceeds from the sale before July 1,  
34          1998 or lease of school property.

35          F. Notwithstanding subsections B and D of this section, if the school  
36          district electors approve the sale of school property and the use of the  
37          proceeds for the purchase of school sites or the construction, improvement or  
38          furnishing of school facilities, the proceeds from the sale shall be put in a  
39          separate fund for use for the approved purpose as prescribed by the uniform  
40          system of financial records. This fund is a continuing fund not subject to  
41          reversion, except that after ten years any unexpended monies shall be put in  
42          the school plant fund for use as prescribed in this section.

43          G. Proceeds from sales by condemnation or sales under threat of  
44          condemnation may be deposited with the county treasurer for deposit in the  
45          condemnation fund or the school plant fund of the school district. The  
46          condemnation fund is a continuing fund not subject to reversion, except that  
47          after ten years any unspent monies shall be placed in the school plant fund  
48          to be used as prescribed in this section. The governing board, or the

1 superintendent or chief administrative officer with the approval of the  
2 governing board, may apply the proceeds in the condemnation fund to:

3 1. The payment of any outstanding bonded indebtedness of the school  
4 district which is payable from the levy of taxes upon property within the  
5 school district.

6 2. Construct, acquire, improve, repair or furnish school facilities or  
7 sites after notice and a hearing.

8 H. Proceeds from a right-of-way settlement shall be deposited with the  
9 county treasurer for deposit in the condemnation fund of the school district.  
10 The governing board, or the superintendent or chief administrative officer  
11 with the approval of the governing board, shall apply such proceeds in the  
12 condemnation fund to construct, acquire, improve, repair or furnish school  
13 facilities or sites after notice and a hearing.

14 I. For **THE** purposes of this section, "capital outlay" means  
15 unrestricted capital outlay as prescribed in section 15-903, subsection C.

16 Sec. 45. Section 15-1152, Arizona Revised Statutes, is amended to  
17 read:

18 15-1152. School meal programs; nonschool meal programs; powers  
19 of state board of education

20 The state board of education may enter into agreements with an agency  
21 of the federal government, a governing board or another agency or person,  
22 direct the disbursement of federal and state monies in accordance with  
23 ~~provisions of~~ federal and state law, direct the distribution of commodities  
24 as provided by federal and state law, prescribe regulations, employ  
25 personnel, give technical advice and assistance to governing boards in  
26 connection with establishment and operation of school meal programs, assist  
27 in training personnel engaged in operation of school meal programs and take  
28 other action it deems necessary to provide for the establishment and  
29 maintenance of school meal programs. The state board of education and the  
30 governing boards may also accept gifts for use in connection with a school  
31 meal program. Agreements entered into pursuant to this section are exempt  
32 from ~~the provisions of~~ section 11-952, ~~subsections~~ **SUBSECTION D and F**. The  
33 form to be used in the agreements shall be approved annually by the attorney  
34 general ~~prior to~~ **BEFORE** its use in such agreements. The department of  
35 education shall file with the secretary of state by January 1 one blank copy  
36 of the agreement form and a list of the agencies with which the department  
37 entered agreements during the preceding year.

38 Sec. 46. Section 15-1224, Arizona Revised Statutes, is amended to  
39 read:

40 15-1224. Grants to teachers for instruction

41 A. The governing board shall deposit in a separate bank account grants  
42 or gifts ~~which~~ **THAT** are less than one thousand five hundred dollars and  
43 designated for use by a teacher for instructional purposes if the governing  
44 board does not deposit the grant or gift as prescribed in section 15-341,  
45 subsection A, paragraph ~~15~~ **14**.

46 B. A separate record shall be maintained for each grant or gift  
47 deposited in the bank account.



1 C. Disbursements from the bank account shall be by check signed by two  
2 employees of the school district appointed by the governing board and shall  
3 be authorized by the teacher designated to use the grant or gift as provided  
4 in the uniform system of financial records.

5 D. If any of the monies are not spent before the end of the fiscal  
6 year in which the gift or grant was accepted, the balance of the monies shall  
7 remain in the bank account until needed for instructional purposes as  
8 designated by the teacher, or determined by the grantor.

9 Sec. 47. Title 15, chapter 10, article 8, Arizona Revised Statutes, is  
10 amended by adding section 15-1225, to read:

11 15-1225. Postemployment benefits: trust accounts: actuarial  
12 report

13 A. IF THE GOVERNING BOARD OFFERS POSTEMPLOYMENT BENEFITS TO SCHOOL  
14 DISTRICT EMPLOYEES OR TO SPOUSES AND DEPENDENTS OF SCHOOL DISTRICT EMPLOYEES,  
15 OR BOTH, MONIES TO FUND THESE BENEFITS MAY BE DEPOSITED IN AN OTHER  
16 POSTEMPLOYMENT BENEFITS FUND OR AN OTHER POSTEMPLOYMENT BENEFITS TRUST  
17 ACCOUNT, OR BOTH. ADDITIONAL MONIES SHALL NOT BE LEGISLATIVELY APPROPRIATED  
18 SPECIFICALLY TO PROVIDE ANY POSTEMPLOYMENT BENEFITS OFFERED BY A GOVERNING  
19 BOARD.

20 B. ANOTHER POSTEMPLOYMENT BENEFITS FUND IS A CASH CONTROLLED FUND AS  
21 PROVIDED IN SECTION 15-905, SUBSECTION N. THE MONIES IN THE OTHER  
22 POSTEMPLOYMENT BENEFITS FUND ARE NOT SUBJECT TO REVERSION, EXCEPT THAT AT THE  
23 END OF FIVE YEARS OF NO ACTIVITY IN THE FUND, ANY REMAINING MONIES SHALL  
24 REVERT TO THE MAINTENANCE AND OPERATIONS FUND.

25 C. AN OTHER POSTEMPLOYMENT BENEFITS TRUST ACCOUNT ESTABLISHED PURSUANT  
26 TO SUBSECTION A OF THIS SECTION SHALL MEET ALL OF THE FOLLOWING CONDITIONS:

27 1. CONTRIBUTIONS MADE BY THE SCHOOL DISTRICT INTO THE TRUST ACCOUNT  
28 ARE IRREVOCABLE.

29 2. THE ASSETS OF THE TRUST ACCOUNT SHALL BE DEDICATED TO PROVIDING  
30 BENEFITS TO SCHOOL DISTRICT RETIREES AND THEIR BENEFICIARIES IN ACCORDANCE  
31 WITH THE TERMS OF THE POSTEMPLOYMENT BENEFITS PLAN.

32 3. TRUST ASSETS SHALL BE LEGALLY PROTECTED FROM CREDITORS OF THE  
33 SCHOOL DISTRICT OR THE INVESTMENT MANAGER PURSUANT TO SUBSECTION F OF THIS  
34 SECTION.

35 D. CURRENT OR PRIOR YEAR POSTEMPLOYMENT BENEFITS LIABILITIES MAY BE  
36 PAID FROM ANY SCHOOL DISTRICT FUND FROM WHICH A SCHOOL DISTRICT MAY PAY  
37 EMPLOYEE BENEFITS INTO THE OTHER POSTEMPLOYMENT BENEFITS FUND OR TRUST  
38 ACCOUNT. PAYMENTS FOR CURRENT OR PRIOR YEAR LIABILITIES PAID INTO THE OTHER  
39 POSTEMPLOYMENT BENEFITS FUND OR TRUST ACCOUNT SHALL BE TREATED AS AN  
40 EXPENDITURE FROM THE ORIGINATING SCHOOL DISTRICT FUND.

41 E. THE FOLLOWING EXPENDITURES MAY BE MADE FROM AN OTHER POSTEMPLOYMENT  
42 BENEFITS FUND OR AN OTHER POSTEMPLOYMENT BENEFITS TRUST ACCOUNT:

- 43 1. ADMINISTRATIVE AND MANAGEMENT COSTS.  
44 2. PAYMENT OF BENEFITS.

45 F. AN INVESTMENT MANAGER FOR AN OTHER POSTEMPLOYMENT BENEFITS TRUST  
46 ACCOUNT ESTABLISHED PURSUANT TO SUBSECTION A OF THIS SECTION SHALL BE EITHER:

47 1. A QUALIFIED INVESTMENT MANAGER APPOINTED BY THE DISTRICT GOVERNING  
48 BOARD.



1           2. THE MANAGER OF A PUBLIC AGENCY POOL ESTABLISHED PURSUANT TO SECTION  
2 11-952.01.

3           G. THE INVESTMENT MANAGER FOR AN OTHER POSTEMPLOYMENT BENEFITS TRUST  
4 ACCOUNT MAY INVEST AND REINVEST THE MONIES IN THE ACCOUNT AND MAY HOLD,  
5 PURCHASE, SELL, ASSIGN, TRANSFER AND DISPOSE OF ANY OF THE SECURITIES AND  
6 INVESTMENTS IN WHICH ANY OF THE TRUST ACCOUNT MONIES ARE INVESTED. THE  
7 INVESTMENT MANAGER SHALL INVEST THE MONIES IN THE TRUST ACCOUNT IN THE SAME  
8 MANNER AS THE MONIES IN THE PERMANENT STATE LAND FUND PURSUANT TO SECTION  
9 35-314.01, EXCEPT THAT NOT MORE THAN THIRTY PER CENT OF THE MONIES IN THE  
10 TRUST ACCOUNT MAY BE INVESTED IN EQUITY SECURITIES AT ANY TIME. THE  
11 PERCENTAGE OF INVESTMENT SHALL BE CALCULATED AT COST.

12           H. IF APPLICABLE, EACH SCHOOL DISTRICT SHALL SUBMIT ON OR BEFORE  
13 SEPTEMBER 1, 2009 TO THE JOINT LEGISLATIVE BUDGET COMMITTEE THE MOST RECENT  
14 ACTUARIAL STUDY OF THE SCHOOL DISTRICT'S EXISTING OTHER POSTEMPLOYMENT  
15 BENEFITS OFFERED BY THE SCHOOL DISTRICT AND ANY PROSPECTIVE OTHER  
16 POSTEMPLOYMENT BENEFITS CONTEMPLATED TO BE OFFERED BY THE SCHOOL DISTRICT,  
17 INCLUDING AN ANALYSIS OF DEFINED CONTRIBUTION PLANS AND DEFINED BENEFITS  
18 PLANS IF APPROPRIATE AND IF THE DEFINED CONTRIBUTION OR DEFINED BENEFIT PLANS  
19 ARE USED TO ADMINISTER ANY OTHER POSTEMPLOYMENT BENEFIT. EACH TIME A SCHOOL  
20 DISTRICT CONDUCTS A NEW ACTUARIAL STUDY OF THE SCHOOL DISTRICT'S EXISTING OR  
21 PROSPECTIVE OTHER POSTEMPLOYMENT BENEFITS, THE SCHOOL DISTRICT SHALL SUBMIT  
22 THE NEW STUDY TO THE JOINT LEGISLATIVE BUDGET COMMITTEE WITHIN THIRTY DAYS OF  
23 THE COMPLETION OF THE STUDY.

24           I. FOR THE PURPOSES OF THIS SECTION, POSTEMPLOYMENT BENEFITS DO NOT  
25 INCLUDE BENEFITS PROVIDED BY THE ARIZONA STATE RETIREMENT SYSTEM.

26           Sec. 48. Section 15-2002, Arizona Revised Statutes, is amended to  
27 read:

28           15-2002. Powers and duties; executive director; staffing;  
29                           report

30           A. The school facilities board shall:

31           1. Make assessments of school facilities and equipment deficiencies  
32 and approve the distribution of grants as appropriate.

33           2. Develop a database for administering the building renewal formula  
34 prescribed in section 15-2031 and administer the distribution of monies to  
35 school districts for building renewal.

36           3. Inspect school buildings at least once every five years to ensure  
37 compliance with the building adequacy standards prescribed in section 15-2011  
38 and routine preventative maintenance guidelines as prescribed in this section  
39 with respect to construction of new buildings and maintenance of existing  
40 buildings. The school facilities board shall randomly select twenty school  
41 districts every thirty months and inspect them pursuant to this paragraph.

42           4. Review and approve student population projections submitted by  
43 school districts to determine to what extent school districts are entitled to  
44 monies to construct new facilities pursuant to section 15-2041. The board  
45 shall make a final determination within six months of the receipt of an  
46 application by a school district for monies from the new school facilities  
47 fund.

1           5. Certify that plans for new school facilities meet the building  
2 adequacy standards prescribed in section 15-2011.

3           6. Develop prototypical elementary and high school designs. The board  
4 shall review the design differences between the schools with the highest  
5 academic productivity scores and the schools with the lowest academic  
6 productivity scores. The board shall also review the results of a valid and  
7 reliable survey of parent quality rating in the highest performing schools  
8 and the lowest performing schools in this state. The survey of parent  
9 quality rating shall be administered by the department of education. The  
10 board shall consider the design elements of the schools with the highest  
11 academic productivity scores and parent quality ratings in the development of  
12 elementary and high school designs. The board shall develop separate school  
13 designs for elementary, middle and high schools with varying pupil  
14 capacities.

15           7. Develop application forms, reporting forms and procedures to carry  
16 out the requirements of this article.

17           8. Review and approve or reject requests submitted by school districts  
18 to take actions pursuant to section 15-341, subsection ~~F~~ G.

19           9. Submit an annual report by December 15 to the speaker of the house  
20 of representatives, the president of the senate, the superintendent of public  
21 instruction, the director of the Arizona state library, archives and public  
22 records and the governor that includes the following information:

23           (a) A detailed description of the amount of monies distributed by the  
24 school facilities board in the previous fiscal year.

25           (b) A list of each capital project that received monies from the  
26 school facilities board during the previous fiscal year, a brief description  
27 of each project that was funded and a summary of the board's reasons for the  
28 distribution of monies for the project.

29           (c) A summary of the findings and conclusions of the building  
30 maintenance inspections conducted pursuant to this article during the  
31 previous fiscal year.

32           (d) A summary of the findings of common design elements and  
33 characteristics of the highest performing schools and the lowest performing  
34 schools based on academic productivity, including the results of the parent  
35 quality rating survey. For the purposes of this subdivision, "academic  
36 productivity" means academic year advancement per calendar year as measured  
37 with student-level data using the statewide nationally standardized  
38 norm-referenced achievement test.

39           10. By December 1 of each year, report to the joint committee on  
40 capital review the amounts necessary to fulfill the requirements of sections  
41 15-2022, 15-2031 and 15-2041 for the following fiscal year and the estimated  
42 amounts necessary to fulfill the requirements of sections 15-2022, 15-2031  
43 and 15-2041 for the fiscal year following the next fiscal year. The board  
44 shall provide copies of the report to the president of the senate, the  
45 speaker of the house of representatives and the governor.

46           11. Adopt minimum school facility adequacy guidelines to provide the  
47 minimum quality and quantity of school buildings and the facilities and  
48 equipment necessary and appropriate to enable pupils to achieve the

1 educational goals of the Arizona state schools for the deaf and the blind.  
2 The school facilities board shall establish minimum school facility adequacy  
3 guidelines applicable to the Arizona state schools for the deaf and the  
4 blind.

5 12. In each even-numbered year, report to the joint committee on  
6 capital review the amounts necessary to fulfill the requirements of sections  
7 15-2031 and 15-2041 for the Arizona state schools for the deaf and the blind  
8 for the following two fiscal years. The Arizona state schools for the deaf  
9 and the blind shall incorporate the findings of the report in any request for  
10 building renewal monies and new school facilities monies. Any monies  
11 provided to the Arizona state schools for the deaf and the blind for building  
12 renewal and for new school facilities are subject to legislative  
13 appropriation.

14 13. By June 15 of each year, submit detailed information regarding  
15 demographic assumptions, a proposed construction schedule and new school  
16 construction cost estimates for individual projects approved in the current  
17 fiscal year and expected project approvals for the upcoming fiscal year to  
18 the joint committee on capital review for its review. A copy of the report  
19 shall also be submitted to the governor's office of strategic planning and  
20 budgeting. The joint legislative budget committee staff, the governor's  
21 office of strategic planning and budgeting staff and the school facilities  
22 board staff shall agree on the format of the report.

23 14. Every two years, provide school districts with information on  
24 improving and maintaining the indoor environmental quality in school  
25 buildings.

26 B. The school facilities board may contract for private services in  
27 compliance with the procurement practices prescribed in title 41, chapter 23.

28 C. The governor shall appoint an executive director of the school  
29 facilities board pursuant to section 38-211. The executive director is  
30 eligible to receive compensation as determined pursuant to section 38-611 and  
31 may hire and fire necessary staff as approved by the legislature in the  
32 budget. The executive director shall have demonstrated competency in school  
33 finance, facilities design or facilities management, either in private  
34 business or government service. The executive director serves at the  
35 pleasure of the governor. The staff of the school facilities board is exempt  
36 from title 41, chapter 4, articles 5 and 6. The executive director:

37 1. Shall analyze applications for monies submitted to the board by  
38 school districts.

39 2. Shall assist the board in developing forms and procedures for the  
40 distribution and review of applications and the distribution of monies to  
41 school districts.

42 3. May review or audit, or both, the expenditure of monies by a school  
43 district for deficiencies corrections, building renewal and new school  
44 facilities.

45 4. Shall assist the board in the preparation of the board's annual  
46 report.

47 5. Shall research and provide reports on issues of general interest to  
48 the board.

1           6. May aid school districts in the development of reasonable and  
2 cost-effective school designs in order to avoid statewide duplicated efforts  
3 and unwarranted expenditures in the area of school design.

4           7. May assist school districts in facilitating the development of  
5 multijurisdictional facilities.

6           8. Shall assist the board in any other appropriate matter or method as  
7 directed by the members of the board.

8           9. Shall establish procedures to ensure compliance with the notice and  
9 hearing requirements prescribed in section 15-905. The notice and hearing  
10 procedures adopted by the board shall include the requirement, with respect  
11 to the board's consideration of any application filed after July 1, 2001 or  
12 after December 31 of the year in which the property becomes territory in the  
13 vicinity of a military airport or ancillary military facility as defined in  
14 section 28-8461 for monies to fund the construction of new school facilities  
15 proposed to be located in territory in the vicinity of a military airport or  
16 ancillary military facility, that the military airport receive notification  
17 of the application by first class mail at least thirty days before any  
18 hearing concerning the application.

19          10. May expedite any request for monies in which the local match was  
20 not obtained for a project that received preliminary approval by the state  
21 board for school capital facilities.

22          11. Shall expedite any request for monies in which the school district  
23 governing board submits an application that shows an immediate need for a new  
24 school facility.

25          12. Shall make a determination as to administrative completion within  
26 one month after the receipt of an application by a school district for monies  
27 from the new school facilities fund.

28          13. Shall provide technical support to school districts as requested by  
29 school districts in connection with the construction of new school facilities  
30 and the maintenance of existing school facilities.

31          D. When appropriate, the school facilities board shall review and use  
32 the statewide school facilities inventory and needs assessment conducted by  
33 the joint committee on capital review and issued in July, 1995.

34          E. The school facilities board shall contract with one or more private  
35 building inspectors to complete an initial assessment of school facilities  
36 and equipment and shall inspect each school building in this state at least  
37 once every five years to ensure compliance with section 15-2011. A copy of  
38 the inspection report, together with any recommendations for building  
39 maintenance, shall be provided to the school facilities board and the  
40 governing board of the school district.

41          F. The school facilities board may consider appropriate combinations  
42 of facilities or uses in making assessments of and curing deficiencies  
43 pursuant to subsection A, paragraph 1 of this section and in certifying plans  
44 for new school facilities pursuant to subsection A, paragraph 5 of this  
45 section.

46          G. The board shall not award any monies to fund new facilities that  
47 are financed by class A bonds that are issued by the school district.

1 H. The board shall not distribute monies to a school district for  
2 replacement or repair of facilities if the costs associated with the  
3 replacement or repair are covered by insurance or a performance or payment  
4 bond.

5 I. The board may contract for construction services and materials that  
6 are necessary to correct existing deficiencies in school district facilities.  
7 The board may procure the construction services necessary pursuant to this  
8 subsection by any method, including construction-manager-at-risk,  
9 design-build, design-bid-build or job-order-contracting as provided by title  
10 41, chapter 23. The construction planning and services performed pursuant to  
11 this subsection are exempt from section 41-791.01.

12 J. The school facilities board may enter into agreements with school  
13 districts to allow school facilities board staff and contractors access to  
14 school property for the purposes of performing the construction services  
15 necessary pursuant to subsection I of this section.

16 K. Each school district shall develop routine preventative maintenance  
17 guidelines for its facilities. The guidelines shall be submitted to the  
18 school facilities board for review and approval. If upon inspection by the  
19 school facilities board it is determined that a school district facility was  
20 inadequately maintained pursuant to the school district's routine  
21 preventative maintenance guidelines, the school district shall use building  
22 renewal monies pursuant to section 15-2031, subsection L to return the  
23 building to compliance with the school district's routine preventative  
24 maintenance guidelines. Once the district is in compliance, it no longer is  
25 required to use building renewal monies for preventative maintenance.

26 L. The school facilities board may temporarily transfer monies between  
27 the capital reserve fund established by section 15-2003, the emergency  
28 deficiencies correction fund established by section 15-2022, the building  
29 renewal fund established by section 15-2031 and the new school facilities  
30 fund established by section 15-2041 if all of the following conditions are  
31 met:

32 1. The transfer is necessary to avoid a temporary shortfall in the  
33 fund into which the monies are transferred.

34 2. The transferred monies are restored to the fund where the monies  
35 originated as soon as practicable after the temporary shortfall in the other  
36 fund has been addressed.

37 3. The school facilities board reports to the joint committee on  
38 capital review the amount of and the reason for any monies transferred."

39 Renumber to conform

40 Page 74, line 35, strike ". funded"

41 Strike lines 36 and 37

42 Page 75, strike lines 1 through 13, insert "funded wholly or partially by the  
43 school facilities board based on the square footage funded by the school  
44 facilities board. If the new construction is to exceed the square footage  
45 funded by the school facilities board, the excess square footage shall not be  
46 included in the gross square footage if any of the following applies:

47 (a) The excess square footage was constructed before July 1, 2002 or  
48 funded by a class B bond, impact aid revenue bond or capital outlay override

1 approved by the voters after August 1, 1998 and before June 30, 2002 or  
2 funded from unrestricted capital outlay expended before June 30, 2002.

3 (b) The excess square footage of new school facilities does not exceed  
4 twenty-five per cent of the minimum square footage requirements pursuant to  
5 subsection C of this section.

6 (c) The excess square footage of expansions to school facilities does  
7 not exceed twenty-five per cent of the minimum square footage requirements  
8 pursuant to subsection C of this section."

9 Page 84, between lines 14 and 15, insert:

10 "Sec. 51. Repeal

11 Title 15, chapter 17, Arizona Revised Statutes, is repealed.

12 Sec. 52. Section 38-232, Arizona Revised Statutes, is amended to read:

13 38-232. Time of oath

14 When a different time is not prescribed, the oath of office shall be  
15 taken, ~~AND~~ subscribed ~~and filed~~ as follows:

16 1. If appointed, at ~~least one day~~ OR before commencement of the term  
17 of office.

18 2. If elected, at any time after receiving the officer's certificate  
19 of election, and at ~~least one day~~ OR before commencement of the term of  
20 office.

21 Sec. 53. Section 38-766.01, Arizona Revised Statutes, is amended to  
22 read:

23 38-766.01. Retired members; return to work

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

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

28 2. The retired member terminated employment at least twelve months  
29 before returning to work.

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

32 4. If the retired member returns to work as a teacher, the retired  
33 member's employment is not subject to the requirements prescribed in sections  
34 15-536, 15-538, 15-538.01 and 15-539 through 15-543.

35 5. The retired member acknowledges in writing the provisions of this  
36 section.

37 B. An employer of a retired member who returns to work pursuant to  
38 this section shall not pay contributions on behalf of the retired member  
39 pursuant to section 38-736, 38-737 or 38-797.05. A retired member who  
40 returns to work pursuant to this section does not accrue credited service,  
41 retirement benefits or long-term disability program benefits pursuant to  
42 article 2.1 of this chapter for the period the retired member returns to  
43 work.

44 Sec. 54. Section 41-1232.04, Arizona Revised Statutes, is amended to  
45 read:

46 41-1232.04. Registration; exceptions

47 Sections 41-1232, ~~and~~ 41-1232.01, 41-1232.02 AND 41-1232.03 do not  
48 apply to a person if that person is acting in the following capacity:

1           1. A natural person who merely appears for himself before a committee  
2 of the legislature or before a state officer or employee or a state agency,  
3 board, commission or council to lobby in support of or in opposition to  
4 legislation or official action.

5           2. A natural person who, acting in his own behalf, sends a letter to,  
6 converses on the telephone with or has a personal conversation with a state  
7 officer or employee for the purpose of supporting or opposing any legislation  
8 or official action.

9           3. A duly elected or retained public official, judge or justice, ~~an~~  
10 ~~individual~~ A PERSON duly appointed to an elective public office, or an  
11 appointed member of a state, county or local board, advisory committee,  
12 commission or council acting in his official capacity on matters pertaining  
13 to his office, board, advisory committee, commission or council.

14           4. A person who answers technical questions or provides technical  
15 information at the request of a lobbyist, designated public lobbyist,  
16 authorized public lobbyist or legislator and who makes no expenditures  
17 required to be reported by this article.

18           5. A person who performs professional services in drafting bills or in  
19 advising and rendering opinions to clients as to the construction and effect  
20 of proposed or pending legislation.

21           6. An attorney who represents clients before any court or before any  
22 quasi-judicial body.

23           7. A person who contacts a state officer or state employee solely for  
24 the purpose of acquiring information.

25           8. A person who contacts a state officer, ~~or~~ state employee, SCHOOL  
26 DISTRICT GOVERNING BOARD MEMBER OR SCHOOL DISTRICT EMPLOYEE in connection  
27 with the procurement or attempted procurement of, OR THE FULFILLMENT OF  
28 CONTRACTS FOR, materials, services or construction. FOR THE PURPOSES OF THIS  
29 PARAGRAPH, SERVICES INCLUDE BONDING SERVICES.

30           9. A natural person who is a member of an association ~~and~~, who is not  
31 the lobbyist for compensation, designated lobbyist or authorized lobbyist for  
32 the association and who does not make any expenditures that would otherwise  
33 be required to be reported by this article if the natural person were a  
34 lobbyist, designated public lobbyist or authorized public lobbyist.

35           Sec. 55. Section 41-1758, Arizona Revised Statutes, is amended to  
36 read:

37           41-1758. Definitions

38           In this article, unless the context otherwise requires:

39           1. "Agency" means the supreme court, the department of economic  
40 security, the department of education, the department of health services, the  
41 department of juvenile corrections, the department of emergency and military  
42 affairs, the board of fingerprinting or the board of examiners of nursing  
43 care institution administrators and assisted living facility managers.

44           2. "Division" means the fingerprinting division in the department of  
45 public safety.

46           3. "Good cause exception" means the issuance of a fingerprint  
47 clearance card to an employee pursuant to section 41-619.55.

1           4. "Person" means a person who is required to be fingerprinted  
2 pursuant to any of the following:

3           (a) Section 8-105.

4           (b) Section 8-322.

5           (c) Section 8-509.

6           (d) Section 8-802.

7           (e) Section 15-183.

8           (f) **SECTION 15-503.**

9           ~~(f)~~ (g) Section 15-534.

10          ~~(g)~~ (h) Section 15-1330.

11          ~~(h)~~ (i) Section 15-1881.

12          ~~(i)~~ (j) Section 26-103.

13          ~~(j)~~ (k) Section 36-411.

14          ~~(k)~~ (l) Section 36-425.03.

15          ~~(l)~~ (m) Section 36-446.04.

16          ~~(m)~~ (n) Section 36-594.01.

17          ~~(n)~~ (o) Section 36-594.02.

18          ~~(o)~~ (p) Section 36-882.

19          ~~(p)~~ (q) Section 36-883.02.

20          ~~(q)~~ (r) Section 36-897.01.

21          ~~(r)~~ (s) Section 36-897.03.

22          ~~(s)~~ (t) Section 36-3008.

23          ~~(t)~~ (u) Section 41-619.52.

24          ~~(u)~~ (v) Section 41-619.53.

25          ~~(v)~~ (w) Section 41-1964.

26          ~~(w)~~ (x) Section 41-1967.01.

27          ~~(x)~~ (y) Section 41-1968.

28          ~~(y)~~ (z) Section 41-1969.

29          ~~(z)~~ (aa) Section 41-2814.

30          ~~(aa)~~ (bb) Section 46-141, subsection A.

31          ~~(bb)~~ (cc) Section 46-321.

32          5. "Vulnerable adult" has the same meaning prescribed in section  
33 13-3623.

34          Sec. 56. Section 41-1758.01, Arizona Revised Statutes, is amended to  
35 read:

36          **41-1758.01. Fingerprinting division: duties**

37          The fingerprinting division is established in the department of public  
38 safety and shall:

39          1. Conduct fingerprint background checks for persons and applicants  
40 who are seeking employment with licensees, contract providers and state  
41 agencies or seeking employment or educational opportunities with agencies  
42 that require fingerprint background checks pursuant to sections 8-105, 8-322,  
43 8-509, 8-802, **15-503**, 15-183, 15-534, 15-1330, 15-1881, 26-103, 36-411,  
44 36-425.03, 36-446.04, 36-594.01, 36-594.02, 36-882, 36-883.02, 36-897.01,  
45 36-897.03, 36-3008, 41-619.52, 41-619.53, 41-1964, 41-1967.01, 41-1968,  
46 41-1969 and 41-2814, section 46-141, subsection A and section 46-321.



1           2. Issue fingerprint clearance cards. On issuance, a fingerprint  
2 clearance card becomes the personal property of the cardholder and the  
3 cardholder shall retain possession of the fingerprint clearance card.

4           3. On submission of an application for a fingerprint clearance card,  
5 collect the fees established by the board of fingerprinting pursuant to  
6 section 41-619.53 and deposit, pursuant to sections 35-146 and 35-147, the  
7 monies collected in the board of fingerprinting fund.

8           4. Inform in writing each person who submits fingerprints for a  
9 fingerprint background check of the person's right to petition the board of  
10 fingerprinting for a good cause exception pursuant to section 41-1758.03.

11           5. Administer and enforce this article.

12           Sec. 57. Section 41-2632, Arizona Revised Statutes, is amended to  
13 read:

14           41-2632. Cooperative purchasing authorized

15           A. Any public procurement unit may either participate in, sponsor,  
16 conduct or administer a cooperative purchasing agreement for the procurement  
17 of any materials, services or construction with one or more public  
18 procurement units in accordance with an agreement entered into between the  
19 participants. A nonprofit educational or public health institution may enter  
20 into an agreement pursuant to this section if one or more of the parties  
21 involved is a public procurement unit. An agreement entered into as provided  
22 in this article is exempt from section 11-952, ~~subsections~~ SUBSECTION D  
23 ~~and F~~. Parties under a cooperative purchasing agreement may:

24           1. Sponsor, conduct or administer a cooperative agreement for the  
25 procurement or disposal of any materials, services or construction.

26           2. Cooperatively use materials or services.

27           3. Commonly use or share warehousing facilities, capital equipment and  
28 other facilities.

29           4. Provide personnel, except that the requesting public procurement  
30 unit shall pay the public procurement unit providing the personnel the direct  
31 and indirect cost of providing the personnel, in accordance with the  
32 agreement.

33           5. On request, make available to other public procurement units  
34 informational, technical or other services or software that may assist in  
35 improving the efficiency or economy of procurement. The public procurement  
36 unit furnishing the informational, technical or other services or software  
37 has the right to request reimbursement for the reasonable and necessary costs  
38 of providing these services or software.

39           B. The school facilities board or school districts, or both, may enter  
40 into an agreement with a public procurement unit pursuant to this section for  
41 the purpose of procuring materials and services needed to correct  
42 deficiencies in school facilities ~~as determined in section 15-2021~~.

43           C. The activities described in this section do not limit what parties  
44 may do under a cooperative purchasing agreement.

45           D. A nonprofit corporation operating as a public procurement unit  
46 under this section, on request of the auditor general, shall provide to the  
47 auditor general all documentation concerning any cooperative purchasing  
48 transaction the public procurement unit administers under this section.

1 E. A nonprofit corporation operating as a public procurement unit  
2 under this section shall comply with all procurement laws applicable to the  
3 public procurement unit participating in a cooperative purchasing transaction  
4 that the nonprofit corporation administers.

5 F. This section does not abrogate the responsibility of each public  
6 procurement unit to ensure compliance with procurement laws that apply to the  
7 particular public procurement, notwithstanding the fact that the cooperative  
8 purchase is administered by a nonprofit corporation operating under this  
9 section.

10 Sec. 58. Section 42-6206, Arizona Revised Statutes, is amended to  
11 read:

12 42-6206. Development agreements: acknowledgment of tax  
13 liability: default

14 A. Each lease or development agreement between a prime lessee and a  
15 government lessor entered into after June 30, 1996 shall include:

- 16 1. A notice of the tax liability under this article.  
17 2. A provision that failure by the prime lessee to pay the tax after  
18 notice and an opportunity to cure is an event of default that could result in  
19 divesting the prime lessee of any interest in or right of occupancy of the  
20 government property improvement.

21 B. NO LATER THAN JUNE 30 OF EACH YEAR THE GOVERNMENT LESSOR SHALL  
22 PROVIDE THE COUNTY ASSESSOR WITH A COMPLETE LIST OF DEVELOPMENT AGREEMENTS  
23 BETWEEN THE GOVERNMENT LESSOR AND THE PRIME LESSEES, INCLUDING THE  
24 COMMENCEMENT AND TERMINATION DATES OF THE AGREEMENTS, THE NAMES AND ADDRESSES  
25 OF THE PRIME LESSEES AND THE LOCATIONS OF THE PROPERTIES THAT ARE SUBJECT TO  
26 THE AGREEMENTS."

27 Renumber to conform

28 Page 86, between lines 6 and 7, insert:

29 "Sec. 61. Repeal

30 Laws 2008, chapter 287, section 65 is repealed.

31 Sec. 62. Laws 2009, chapter 6, section 1, is amended to read:

32 Section 1. Calculation of state aid allocations; school  
33 districts

34 A. By the close of business on October 15, 2009, the department of  
35 education shall apportion to each qualifying school district from monies  
36 appropriated for basic state aid and additional state aid for fiscal year  
37 2009-2010 an amount determined as follows:

38 1. Identify the total ending ~~cash~~ FUND balance of each school district  
39 in this state as of June 30, 2009 in its maintenance and operation funds,  
40 capital outlay funds and soft capital allocation funds.

41 2. Calculate for each school district in this state the sum of the  
42 amounts identified in paragraph 1 of this subsection.

43 3. IDENTIFY FOR EACH SCHOOL DISTRICT IN THIS STATE THE AMOUNT OF BASIC  
44 STATE AID AND ADDITIONAL STATE AID THAT WAS SCHEDULED TO BE APPORTIONED ON  
45 MAY 15, 2009 PURSUANT TO SECTION 15-973, ARIZONA REVISED STATUTES, BUT THAT  
46 WAS DEFERRED PURSUANT TO LEGISLATION ENACTED INTO LAW DURING MAY, 2009.

47 4. CALCULATE FOR EACH SCHOOL DISTRICT IN THIS STATE THE SUM OF THE  
48 AMOUNTS IDENTIFIED IN PARAGRAPHS 2 AND 3 OF THIS SUBSECTION.

1           ~~3-~~ 5. Identify for each school district in this state the amount, if  
2 any, that is budgeted for budget balances for fiscal year 2009-2010 pursuant  
3 to section 15-918.04, subsection C, Arizona Revised Statutes, section  
4 15-919.04, subsection D, Arizona Revised Statutes, section 15-943.01, Arizona  
5 Revised Statutes, and section 15-947, subsection D, paragraph 4 and  
6 subsection E, paragraph 2, Arizona Revised Statutes.

7           ~~4-~~ 6. Calculate for each school district in this state the sum of the  
8 amounts identified in paragraph ~~3-~~ 5 of this subsection.

9           ~~5-~~ 7. Subtract for each school district in this state the amount  
10 determined in paragraph ~~4-~~ 6 of this subsection from the amount determined in  
11 paragraph ~~2-~~ 4 of this subsection. IF THE COMPUTED AMOUNT IS ZERO OR A  
12 NEGATIVE NUMBER, USE ZERO.

13           ~~6-~~ 8. Identify the total revenue received by each school district in  
14 this state for its maintenance and operation funds, capital outlay funds and  
15 soft capital allocation funds for fiscal year 2008-2009, excluding the  
16 beginning cash balances in each of those funds.

17           ~~7-~~ 9. Calculate for each school district in this state the sum of the  
18 amounts identified in paragraph ~~6-~~ 8 of this subsection.

19           ~~8-~~ 10. Identify the total P.L. 81-874 revenue received by each school  
20 district in this state for its maintenance and operation funds, capital  
21 outlay funds and soft capital allocation funds for fiscal year 2008-2009.

22           ~~9-~~ 11. Calculate for each school district in this state the sum of  
23 the amounts identified in paragraph ~~8-~~ 10 of this subsection.

24           ~~10-~~ 12. Divide for each school district in this state the amount  
25 determined in paragraph ~~9-~~ 11 of this subsection by the amount determined in  
26 paragraph ~~7-~~ 9 of this subsection.

27           ~~11-~~ 13. Multiply the quotient determined in paragraph ~~10-~~ 12 of this  
28 subsection by the amount determined in paragraph ~~5-~~ 7 of this subsection.

29           ~~12-~~ 14. Subtract the amount determined in paragraph ~~11-~~ 13 of this  
30 subsection from the amount determined in paragraph ~~5-~~ 7 of this subsection.  
31 IF THE COMPUTED AMOUNT IS ZERO OR A NEGATIVE NUMBER, USE ZERO.

32           ~~13-~~ 15. Identify for each school district in this state the amount of  
33 basic state aid and additional state aid that was scheduled to be apportioned  
34 on May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but  
35 that was deferred pursuant to legislation enacted into law during May 2009.

36           ~~14-~~ 16. For each school district in this state except accommodation  
37 schools as defined in section 15-101, Arizona Revised Statutes, subtract the  
38 amount determined in paragraph ~~12-~~ 14 of this subsection from the amount  
39 determined in paragraph ~~13-~~ 15 of this subsection. If the computed amount is  
40 zero or a negative amount, use zero. For accommodation schools, use the  
41 amount identified in paragraph ~~13-~~ 15 of this subsection. The amount  
42 determined pursuant to this paragraph is the amount of the apportionment to  
43 the school district or accommodation school.

44           B. In addition to the amount required by subsection A of this section,  
45 by the close of business on October 15, 2009, the department of education  
46 shall apportion to each qualifying school district from monies appropriated  
47 for basic state and additional state aid for fiscal year 2009-2010 an amount  
48 determined as follows:

1           1. Identify the amount determined in subsection A, paragraph 14 of  
2 this section.

3           2. Multiply the amount determined in paragraph 1 of this subsection by  
4 two per cent for an assumed interest rate of two per cent.

5           3. Multiply the amount determined in paragraph 2 of this subsection by  
6 five-twelfths for an assumed five month interest accumulation period. The  
7 amount determined pursuant to this paragraph is the amount of the  
8 apportionment to the school district or accommodation school.

9           C. Notwithstanding any provision of law, for fiscal year 2009-2010, if  
10 the governing board of a school district incurred interest expenses for  
11 registering warrants in fiscal year 2008-2009 or expects to incur interest  
12 expenses for registering warrants in fiscal year 2009-2010 related to basic  
13 state aid and additional state aid that was scheduled to be apportioned on  
14 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that  
15 was deferred pursuant to legislation enacted into law during May 2009, the  
16 governing board may budget an estimated amount for those interest expenses.  
17 Any such amount is specifically exempt from the revenue control limit in  
18 fiscal year 2009-2010. If the budgeted estimate amount is greater than the  
19 amount received pursuant to subsection B of this section, the governing board  
20 shall not expend more than the amount received pursuant to subsection B of  
21 this section. If the budgeted estimate amount is less than the amount  
22 received pursuant to subsection B of this section, the governing board may  
23 revise its budget during fiscal year 2009-2010 to include the actual amount  
24 received pursuant to subsection B of this section and shall not expend more  
25 than the amount received pursuant to subsection B of this section.

26           D. School districts shall include in the revenue estimates that they  
27 use for computing their tax rates for fiscal year 2009-2010 the monies that  
28 they will receive pursuant to subsection A, paragraph 14 of this section.

29           E. The county treasurer and county school superintendent in each  
30 county shall provide to the department of education any information that is  
31 requested by the department of education to carry out the requirements of  
32 this section."

33       Renumber to conform

34       Page 86, lines 20 and 21, strike "as amended by this act,"

35       Page 87, line 29, strike "C" insert "B"

36       Page 88, line 5, after "A." insert "Except as provided in section 85 of this act,  
37 relating to school facilities board lease-to-own,"

38       Line 6, after "Statutes," insert "as amended by this act,"

39       Line 11, after "Statutes" insert ", as amended by this act"

40       Lines 13, 19, 23, 26 and 31, after "Statutes," insert "as amended by this act,"

41       Page 90, line 10, strike "nine" insert "eight"

42       Line 11, strike "four" insert "three"; after "thousand" insert "nine hundred"

43       Line 17, after "Statutes" insert ", as amended by this act"

44       Strike lines 18 through 36

Strike page 91, insert:

"Sec. 73. Special education cost study; suspension in fiscal year 2009-2010 and 2010-2011

Notwithstanding section 15-236, Arizona Revised Statutes, the department of education shall not conduct a cost study of special education programs in fiscal year 2009-2010 and 2010-2011.

Sec. 74. Arizona online instruction; reports

Notwithstanding section 15-808, Arizona Revised Statutes, as amended by this act, until July 31, 2010, each school selected by the state board of education and each selected school sponsored by the state board for charter schools to participate in Arizona online instruction shall submit an annual report to the department of education. The department of education shall collaborate to develop a uniform reporting format to be used by all schools that participate in Arizona online instruction. The reports shall be submitted on or before August 1 and shall include the following information:

1. A description of the educational services that are offered under and that specifically relate to the depth and breadth of the curriculum choices offered by the school.

2. A description of the effects of media and technology on the delivery of specific educational services to specific pupil populations.

3. Academic advancement as measured in grade level equivalents each academic year based on a standardized norm-referenced achievement test.

4. Data identified by the department of education that compares the academic performance of pupils who participate in Arizona online instruction with other pupils in this state and with pupils in that school who do not participate in Arizona online instruction.

5. The results of a survey of pupil satisfaction with Arizona online instruction, including:

(a) Pupils' attitudes about delivery modalities employed by the school.

(b) Changes in pupils' attitudes toward learning in general.

(c) Changes in pupils' attitudes about their own ability to learn and about their own academic progress.

(d) Pupils' attitudes about the school they attend.

6. The results of a survey of parental satisfaction with Arizona online instruction, including:

(a) Parents' and their children's attitudes about the delivery modalities employed by the school.

(b) Changes in their children's attitudes about learning in general.

(c) Changes in their children's attitudes about their ability to learn and about their academic progress.

(d) Parents' and their children's attitudes about the school that the child attends.

7. A description of the availability and equitable distribution of educational services provided under Arizona online instruction, including specific descriptions of the effectiveness of technology tools and modalities used to address the needs of any underserved populations targeted by the school.

1           8. A description of the operational and administrative efficiency of  
2 Arizona online instruction.

3           9. A description of the cost-effectiveness of Arizona online  
4 instruction.

5           10. A listing of the salaries, by titles and job descriptions, of the  
6 administrators who are employed at or contracted for employment at each  
7 school selected by the state board of education or the state board for  
8 charter schools to participate in Arizona online instruction.

9           11. A description of assessment measures implemented to ensure the  
10 academic integrity of pupils pursuant to section 15-808, Arizona Revised  
11 Statutes, subsection H, as amended by this act.

12           Sec. 75. Apportionment of monies; fiscal year 2009-2010

13           Notwithstanding section 15-973, Arizona Revised Statutes, as amended by  
14 this act, any monies scheduled to be apportioned by the department of  
15 education in August 2009 pursuant to section 15-973, as amended by this act,  
16 but that otherwise would not be apportioned because of the general effective  
17 date of this act, shall instead be apportioned as part of scheduled payments  
18 for remaining months of fiscal year 2009-2010 and in a manner that allocates  
19 an approximately equal amount per month for each remaining month.

20           Sec. 76. School district budgets; actual utility costs and  
21 funding plan; fiscal year 2009-2010

22           A. Notwithstanding section 15-910.04, Arizona Revised Statutes, a  
23 school district is not permitted to adjust its revenue control limit in  
24 fiscal year 2009-2010 for actual utility costs.

25           B. Notwithstanding section 15-910.03, Arizona Revised Statutes, a  
26 school district is not required to submit a funding plan pursuant to that  
27 section in fiscal year 2009-2010.

28           Sec. 77. Task force on assessments to measure college and  
29 career readiness; delayed repeal

30           A. The task force on assessments to measure college and career  
31 readiness is established consisting of the following members from diverse  
32 urban and rural areas who shall be appointed by the state board of education:

33           1. A superintendent who is employed by a school district in this state  
34 and who has expertise and experience in career and technical education.

35           2. A person who is employed by a school district in this state and who  
36 has expertise and experience in the academic assessment of pupils.

37           3. A high school principal who is employed by a school district in  
38 this state.

39           4. Three persons who are employed by postsecondary institutions in  
40 this state, at least one of whom is employed by a community college district.

41           5. Three members of the public, at least one of whom has expertise and  
42 experience in business or industry.

43           B. The state board of education shall select one of the appointed  
44 members to serve as the task force chairperson.

C. The task force shall:

1. Examine and evaluate existing tests that measure college and career readiness, including tests adopted for these purposes by other states or nations.

2. Examine and evaluate existing tests for admission into postsecondary institutions and the scores accepted on those tests for admission into those postsecondary institutions, including the experiences and outcomes of other states or nations that have adopted tests for these purposes.

3. Examine and evaluate existing tests used by postsecondary institutions to award postsecondary academic credit, or placement in credit bearing courses, or both, without remediation and the scores accepted on those tests by postsecondary institutions, including the experiences and outcomes of other states or nations that have adopted tests for these purposes.

4. Recommend a process for the selection of one or more tests that meet the criteria specified in paragraphs 1, 2 and 3 of this subsection that will be administered to pupils in grade nine in this state beginning in the spring of 2011.

5. Recommend a process for the selection of one or more tests that meet the criteria specified in paragraphs 1, 2 and 3 of this subsection that will be administered to pupils in grade eleven in this state beginning in the spring of 2012.

6. Submit a written report that contains the task force's findings and recommendations on or before June 30, 2010 to the state board of education, the governor, the speaker of the house of representatives and the president of the senate. The task force shall provide a copy of this report to the secretary of state and the director of the Arizona state library, archives and public records.

D. The task force may use the services and expertise of the staff of the legislature and the staff of the department of education.

E. This section is repealed from and after September 15, 2010.

Sec. 78. Saving clause

This act does not affect any special budget overrides pursuant to section 15-482, Arizona Revised Statutes, as amended by this act, that were approved by the qualified electors of a school district before the effective date of this act. Special budget overrides pursuant to section 15-482, Arizona Revised Statutes, as amended by this act, that were approved by the qualified electors of a school district before the effective date of this act shall continue for the duration previously authorized by the qualified electors or until the qualified electors of the school district subsequently approve a budget increase in an amount of not more than fifteen per cent of the revenue control limit as prescribed in section 15-481, subsection G, Arizona Revised Statutes, as amended by this act, whichever occurs first.

1           Sec. 79. Override election procedures for fiscal year 2009-2010

2           Notwithstanding any other law, for fiscal year 2009-2010:

3           1. A school district may conduct an election on the second Tuesday in  
4 March 2010 to submit a proposed budget increase to the qualified electors in  
5 an amount of not more than fifteen per cent of the revenue control limit as  
6 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as  
7 amended by this act. Override elections conducted in subsequent fiscal years  
8 shall be as prescribed by statute. An increase of not more than fifteen per  
9 cent that is subsequently approved by the qualified electors of the school  
10 district shall replace any previously authorized increases approved by the  
11 qualified electors pursuant to section 15-481, subsection E or F, Arizona  
12 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised  
13 Statutes, as amended by this act.

14           2. If the qualified electors in a school district approve a proposed  
15 budget increase in an amount of not more than ten per cent of the revenue  
16 control limit in an election conducted on the first Tuesday in November 2009,  
17 the school district may subsequently conduct an election on the second  
18 Tuesday in March 2010 to submit to the qualified electors a proposed budget  
19 increase in an amount of not more than an additional five per cent of the  
20 revenue control limit. Override elections conducted in subsequent fiscal  
21 years shall be as prescribed by statute.

22           3. If the qualified electors of a common school district have  
23 approved both a budget increase that is still in effect on the effective date  
24 of this act pursuant to section 15-481, subsection E or F, Arizona Revised  
25 Statutes, as amended by this act, and a budget increase that is still in  
26 effect on the effective date of this act pursuant to section 15-482, Arizona  
27 Revised Statutes, as amended by this act, the common school district may call  
28 an election on the second Tuesday in March 2010 to submit to the qualified  
29 electors a proposed budget increase in an amount of not more than seventeen  
30 per cent of the revenue control limit. An increase of not more than  
31 seventeen per cent that is subsequently approved by the qualified electors of  
32 the school district shall replace any previously authorized increases  
33 approved by the qualified electors pursuant to section 15-481, subsection E  
34 or F, Arizona Revised Statutes, as amended by this act, and section 15-482,  
35 Arizona Revised Statutes, as amended by this act. If approved by the  
36 qualified electors, the common school district may continue to budget the  
37 amount of not more than seventeen per cent of the revenue control limit for  
38 the remaining number of years of the override previously approved pursuant to  
39 section 15-482, Arizona Revised Statutes, as amended by this act. On the  
40 expiration of the override previously approved pursuant to section 15-482,  
41 Arizona Revised Statutes, as amended by this act, override elections  
42 conducted in subsequent fiscal years shall be as prescribed by statute.

43           Sec. 80. Union school district budget overexpenditures;  
44 correction; interest

45           A. Notwithstanding section 15-905, Arizona Revised Statutes, as  
46 amended by this act, and section 15-915, Arizona Revised Statutes, a school  
47 district that overexpended its budget at any time during a five-year period  
48 beginning in fiscal year 2002-2003 and ending in fiscal year 2006-2007 shall



1 correct the overexpenditures in equal installments over a five-year period  
2 beginning in fiscal year 2009-2010 and ending in fiscal year 2013-2014. This  
3 subsection applies to a district if all of the following conditions exist:

4 1. The school district is a union high school district that is located  
5 in a county with a population of less than one million persons but more than  
6 two hundred fifty thousand persons.

7 2. The school district's average daily membership for the 2006-2007  
8 school year was more than four hundred pupils but less than five hundred  
9 fifty pupils.

10 3. The total amount of the correction that would otherwise be required  
11 under section 15-915, Arizona Revised Statutes, for fiscal years 2002-2003  
12 through 2006-2007 is more than three hundred thousand dollars but less than  
13 eight hundred thousand dollars.

14 B. In addition to monies required to be repaid pursuant to  
15 subsection A of this section, accrued interest shall be paid at a rate  
16 determined by the superintendent of public instruction.

17 Sec. 81. Unified school district budget overexpenditures:  
18 correction; interest

19 A. Notwithstanding section 15-905, Arizona Revised Statutes, as  
20 amended by this act, and section 15-915, Arizona Revised Statutes, a school  
21 district that overexpended its budget during fiscal year 2005-2006 and fiscal  
22 year 2006-2007 shall correct the overexpenditures in equal installments  
23 beginning in fiscal year 2009-2010 and ending in fiscal year 2013-2014 if all  
24 of the following conditions exist:

25 1. The school district is a unified district that is located in a  
26 county with a population of more than fifty thousand persons but less than  
27 one hundred thousand persons.

28 2. The school district's average daily membership for the 2007-2008  
29 school year was more than seven hundred pupils but less than one thousand two  
30 hundred pupils.

31 3. The total amount of the correction that would otherwise be required  
32 under section 15-915, Arizona Revised Statutes, for fiscal years 2005-2006  
33 and 2006-2007 is more than two million five hundred dollars but less than  
34 three million two hundred dollars.

35 B. In addition to monies required to be repaid pursuant to  
36 subsection A of this section, accrued interest shall be paid at a rate  
37 determined by the superintendent of public instruction.

38 Sec. 82. Previous audits; average daily membership; repayment;  
39 retroactivity

40 A. Notwithstanding any other law, a school district that meets the  
41 criteria specified in subsection B, paragraph 1 or 2 of this section and that  
42 is required to repay monies to this state as the result of an audit conducted  
43 before the effective date of this act by the department of education or the  
44 office of the auditor general pursuant to Laws 2006, chapter 353, section 23,  
45 Laws 2007, chapter 264, section 17 or Laws 2008, chapter 287, section 50  
46 shall repay the full amount of the monies due to this state as a result of  
47 the audit within five years after the date of the audit finding.

1           B. The following school districts are eligible to use the repayment  
2 provisions of subsection A of this section:

3           1. A unified school district with a student count of at least two  
4 thousand but less than three thousand in fiscal year 2007-2008 that is  
5 required to repay a total of at least six hundred eighty-five thousand  
6 dollars but less than six hundred ninety thousand dollars pursuant to  
7 subsection A of this section.

8           2. A unified school district with a student count of at least two  
9 thousand but less than three thousand in fiscal year 2007-2008 that is  
10 required to repay a total of at least three hundred sixty thousand dollars  
11 but less than three hundred eighty thousand dollars pursuant to subsection A  
12 of this section.

13           C. If the amount a school district is required to repay under  
14 subsection B, paragraph 1 or 2 of this section is reduced as the result of a  
15 settlement agreement between the school district and the department of  
16 education, the school district shall repay the amount required by the  
17 settlement agreement within five years after the date of the audit finding.

18           D. This section is effective retroactively to September 21, 2006.

19           Sec. 83. Transportation school district; lapsing; annexation;  
20 definition; delayed repeal

21           A. Notwithstanding section 15-469, Arizona Revised Statutes, and until  
22 June 30, 2010, a county school superintendent may suspend a transportation  
23 school district and report the suspension and the reasons for the suspension  
24 to the board of supervisors of the county at the next meeting of the board of  
25 supervisors. The board of supervisors of the county may declare a  
26 transportation school district lapsed and may annex the territory to one or  
27 more of the adjoining school districts. The board of supervisors may dispose  
28 of the property of the lapsed school district and credit the proceeds to the  
29 lapsed school district. The county school superintendent shall determine the  
30 total indebtedness of the lapsed school district, excluding bonded  
31 indebtedness, and shall submit a warrant to the county treasurer for payment  
32 of the amount of this indebtedness. Any balance remaining after this payment  
33 shall be transferred to the county school fund. This subsection applies to a  
34 school district if all of the following conditions exist:

35           1. The school district is a transportation school district as defined  
36 in this section that is located in a county with a population of less than  
37 one hundred fifty thousand persons but more than one hundred twenty thousand  
38 persons.

39           2. The school district's average daily membership for the 2007-2008  
40 school year was less than fifty pupils between the ages of six and twenty-one  
41 years for three months during the school year.

42           B. For the purposes of this section, "transportation school district"  
43 means a school district that does not offer instruction to any pupils who  
44 reside in that school district and that transports pupils who reside in that  
45 school district to one or more other school district for instruction.

46           C. This section is repealed from and after July 1, 2010.

1           Sec. 84. Overrides; revenue control limit calculation; fiscal  
2                           year 2009-2010

3           Notwithstanding section 15-947, subsection A, Arizona Revised Statutes,  
4 or any other law, for fiscal year 2009-2010 for purposes of computing the  
5 maximum budget increase that may be requested and authorized through override  
6 elections pursuant to title 15, chapter 4, article 4, Arizona Revised  
7 Statutes, school districts may compute a revenue control limit that assumes  
8 that the base level defined in section 15-901, subsection B, Arizona Revised  
9 Statutes, for fiscal year 2009-2010 is three thousand two hundred ninety-one  
10 dollars forty-two cents.

11          Sec. 85. School facilities board lease-to-own

12          Notwithstanding section 15-2004, subsection M, Arizona Revised  
13 Statutes, section 15-2005, subsection M, Arizona Revised Statutes, and  
14 section 15-2006, Arizona Revised Statutes, the school facilities board shall  
15 enter into lease-to-own transactions for up to a maximum of \$100,000,000 by  
16 December 31, 2009. The lease-to-own transactions shall be qualified school  
17 construction bonds as authorized under the American reinvestment and recovery  
18 act of 2009 and shall only be used for new construction projects. Priority  
19 for the bond proceeds shall first be given to school districts whose  
20 projected fiscal year 2009-2010 average daily membership exceeds their  
21 districtwide capacity for new school construction.

22          Sec. 86. Career ladder programs; maximum base level increase  
23                           for fiscal year 2009-2010

24          A. Notwithstanding section 15-918.04, Arizona Revised Statutes, for  
25 fiscal year 2009-2010 the maximum base level increase that is permitted for a  
26 school district that participates in the career ladder program shall be five  
27 per cent.

28          B. For fiscal year 2009-2010, the career ladder program is limited  
29 only to teachers who participated in the program in the prior fiscal year.

30          Sec. 87. Current kindergarten pupils

31          Section 15-821, Arizona Revised Statutes, as amended by this act, does  
32 not apply to pupils who were enrolled in a kindergarten program before the  
33 effective date of this act."

34          ReNUMBER to conform

35          Page 92, between lines 4 and 5, insert:

36                       "Sec. 89. Retroactivity; saving clause

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

39          B. Subsection A of this section does not apply to pupils who before  
40 the effective date of this act qualified for participation in the early  
41 graduation scholarship program by graduating one semester early. A pupil who  
42 before the effective date of this act qualified for participation in the  
43 early graduation scholarship program by graduating one semester early may  
44 continue to participate in the program for the duration of that pupil's  
45 eligibility and shall be funded with remaining balances in the early  
46 graduation scholarship fund.

1                   Sec. 90. Effective date  
2                   Section 11-952, Arizona Revised Statutes, as amended by Laws 2005,  
3           chapter 273, section 3 and this act, is effective from and after December 31,  
4           2009."  
5           Renumber to conform  
6           Amend title to conform

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