State of Arizona  
Senate  
Fifty-first Legislature  
First Regular Session  
2013

SB 1444

Introduced by  
Senators Yee: Crandell; Representatives Boyer, Carter, Goodale

AN ACT

AMENDING SECTIONS 15-241 AND 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-917; AMENDING SECTION 15-943, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-241, Arizona Revised Statutes, is amended to read:

15-241. School and school district accountability; failing schools tutoring fund; classification label for school districts and charter school operators

A. The department of education shall compile an annual achievement profile for each public school and school district.

B. Each school and school district shall submit to the department any data that is required and requested and that is necessary to compile the achievement profile. A school or school district that fails to submit the information that is necessary is not eligible to receive monies from the classroom site fund established by section 15-977.

C. The department shall establish a baseline achievement profile for each school and school district. The baseline achievement profile shall be used to determine a standard measurement of acceptable academic progress for each school and school district and a school and school district classification pursuant to subsection H of this section. Any disclosure of educational records compiled by the department of education pursuant to this section shall comply with the family educational rights and privacy act of 1974 (20 United States Code section 1232g).

D. The achievement profile for schools and school districts that offer instruction in kindergarten programs and grades one through eight, or any combination of those programs or grades, shall include the following school academic performance indicators:

1. The Arizona measure of academic progress. The department shall compute the extent of academic progress made by the pupils in each school and school district during the course of each year.

2. The Arizona instrument to measure standards test. The department may calculate academic gain on the Arizona instrument to measure standards test according to each of the school classifications prescribed in subsection G of this section on a statewide basis, for each school district in this state and for each school by determining the average scale scores for students in the current academic year as compared to the average scale scores for the previous academic year for the same students.

3. The results of English language learners tests administered pursuant to section 15-756, subsection B, section 15-756.05 and section 15-756.06.

E. The achievement profile for schools and school districts that offer instruction in grades nine through twelve, or any combination of those grades, shall include the following school academic performance indicators:
1. The Arizona measure of academic progress. The department shall compute the extent of academic progress made by the pupils at each school.

2. The Arizona instrument to measure standards test. The department shall compute the percentage of pupils pursuant to subsection G of this section who meet or exceed the standard on the Arizona instrument to measure standards test, as prescribed by the state board of education. The superintendent of public instruction and the department may calculate academic gain on the Arizona instrument to measure standards test according to each of the school classifications prescribed in subsection G of this section on a statewide basis, for each school district in this state and for each school by determining the average scale scores for students in the current academic year as compared to the average scale scores for the previous academic year for the same students.

3. The annual dropout rate.

4. The annual graduation rate.

5. The results of English language learners tests administered pursuant to section 15-756, subsection B, section 15-756.05 and section 15-756.06.

F. Schools and school districts that offer instruction in all or a combination of the grades specified in subsections D and E of this section shall include a single achievement profile for that school and school district that includes the school academic performance indicators specified in subsections D and E of this section.

G. Subject to final adoption by the state board of education, the department shall determine the criteria for each school and school district classification using a research based methodology. The methodology shall include the performance of pupils at all achievement levels, account for pupil mobility, account for the distribution of pupil achievement at each school and school district and include longitudinal indicators of academic performance. Fifty per cent of the school and school district classification determination shall consist of academic performance measurements. Fifty per cent of the academic performance measurement shall consist of a measurement of academic gain for all pupils enrolled at the school or school district and fifty per cent of the academic performance measurements shall consist of a measurement of the twenty-five per cent of pupils with the lowest academic performance measurement enrolled at the school or school district. For the purposes of this subsection, "research based methodology" means the systematic and objective application of statistical and quantitative research principles to determine a standard measurement of acceptable academic progress for each school and school district.

H. Except as provided in subsection EE of this section, the achievement profile shall be BASED ON A TWO HUNDRED-POINT SCALE IN ACCORDANCE WITH A FRAMEWORK APPROVED BY THE STATE BOARD OF EDUCATION AND SHALL BE used to determine a school and school district classification that uses a letter grade system as follows:
1. A school or school district assigned a letter grade of A shall demonstrate an excellent level of performance.

2. A school or school district assigned a letter grade of B shall demonstrate an above average level of performance.

3. A school or school district assigned a letter grade of C shall demonstrate an average level of performance.

4. A school or school district assigned a letter grade of D shall demonstrate a below average level of performance.

5. A school or school district assigned a letter grade of F shall demonstrate a failing level of performance. The state board of education may also assign a school a letter grade of F if the state board of education determines that the school is among the "persistently lowest-achieving schools" in the state under the federal school accountability requirements pursuant to section 1003(g) of the elementary and secondary education act (20 United States Code section 6303).

I. The classification for each school and the criteria used to determine classification pursuant to subsection G of this section shall be included on the school report card prescribed in section 15-746.

J. Subject to final adoption by the state board of education, the department of education shall develop a parallel achievement profile for accommodation schools, alternative schools as defined by the state board of education and extremely small schools as defined by the state board of education for the purposes of this section.

K. If a school is assigned a letter grade of D, within ninety days after receiving notice of the designation, the governing board shall develop an improvement plan for the school, submit a copy of the plan to the superintendent of public instruction and the county educational service agency and supervise the implementation of the plan. The plan shall include necessary components as identified by the state board of education. Within thirty days after submitting the improvement plan to the superintendent of public instruction and the county educational service agency, the governing board shall hold a special public meeting in each school that has been assigned a letter grade of D and shall present the respective improvement plans that have been developed for each school. The school district governing board, within thirty days of receiving notice of the designation, shall provide written notification of the classification to each residence within the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection.

L. A school that has not submitted an improvement plan pursuant to subsection K of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection K of this section plus an additional ninety days. The state board of education shall require the superintendent of the
school district to testify before the board and explain the reasons that an
improvement plan for that school has not been submitted.

M. If a charter school is assigned a letter grade of D, within thirty
days the school shall notify the parents of the students attending the school
of the classification. The notice shall explain the improvement plan process
and provide information regarding the public meeting required by this
subsection. Within ninety days of receiving the classification, the charter
holder shall present an improvement plan to the charter sponsor at a public
meeting and submit a copy of the plan to the superintendent of public
instruction. The improvement plan shall include necessary components as
identified by the state board of education. For every day that an
improvement plan is not received by the superintendent of public instruction
and the county educational service agency, the school is not eligible to
receive monies from the classroom site fund established by section 15-977 for
every day that a plan has not been received by the superintendent of public
instruction within the time specified in subsection K of this section plus an
additional ninety days. The charter holder shall appear before the
sponsoring board and explain why the improvement plan has not been submitted.

N. The department of education shall establish an appeals process, to
be approved by the state board of education, for a school to appeal data used
to determine the achievement profile of the school. The criteria established
shall be based on mitigating factors and may include a visit to the school
site by the department of education.

O. If a school is assigned a letter grade of D for a third consecutive
year, the department of education shall visit the school site to confirm the
classification data and to review the implementation of the school's
improvement plan. The school shall be assigned a letter grade of F unless an
alternate letter grade is assigned after an appeal pursuant to subsection N
of this section. A school that is assigned a letter grade of D for less than
three consecutive years may also be assigned a letter grade of F if the state
board of education determines that there is no reasonable likelihood that the
school will achieve an average level of performance within the next two
years.

P. The school district governing board, within thirty days of
receiving notice of the school being assigned a letter grade of F, shall
provide written notification of the classification to each residence in the
attendance area of the school. The notice shall explain the improvement plan
process and provide information regarding the public meeting required by
subsection S of this section.

Q. The superintendent of public instruction in collaboration with the
county educational service agency, based on need, shall assign a solutions
team to a school assigned a letter grade of D, a school assigned a letter
grade of F or any other school pursuant to a mutual agreement between the
department of education and the school comprised of master teachers,
fiscal analysts and curriculum assessment experts who are certified by the
state board of education as Arizona academic standards technicians. The department of education or the county educational service agency may hire or contract with administrators, principals and teachers who have demonstrated experience with the characteristics and situations in a school assigned a letter grade of D or F and may use these personnel as part of the solutions team. The department of education shall work with staff at the school to assist in curricula alignment and shall instruct teachers on how to increase pupil academic progress, considering the school's achievement profile. The solutions team shall consider the existing improvement plan to assess the need for changes to curriculum, professional development and resource allocation and shall present a statement of its findings to the school administrator and district superintendent. Within forty-five days after the presentation of the solutions team's statement of findings, the school district governing board, in cooperation with each school within the school district that is assigned a letter grade of D and its assigned solutions team representative, shall develop and submit to the department of education and the county educational service agency an action plan that details the manner in which the school district will assist the school as the school incorporates the findings of the solutions team into the improvement plan. The department of education shall review the action plan and shall either accept the action plan or return the action plan to the school district for modification. If the school district does not submit an approved action plan within forty-five days, the state board of education may direct the superintendent of public instruction to withhold up to ten per cent of state monies that the school district would otherwise be entitled to receive each month until the plan is submitted to the department of education and the county educational service agency, at which time those monies shall be returned to the school district.

The parent or the guardian of the pupil may apply to the department of education, in a manner determined by the department of education, for a certificate of supplemental instruction from the failing schools tutoring fund established by this section. Pupils attending a school assigned a letter grade of D or F or a pupil who has failed to pass one or more portions of the Arizona instrument to measure standards test in grades eight through twelve in order to graduate from high school may select an alternative tutoring program in academic standards from a provider that is certified by the state board of education. To qualify, the provider must state in writing a level of academic improvement for the pupil that includes a timeline for improvement that is agreed to by the parent or guardian of the pupil. The state board of education shall annually review academic performance levels for providers certified pursuant to this subsection and may remove a provider at a public hearing from an approved list of providers if that provider fails to meet its stated level of academic improvement. The state board of education shall determine the application guidelines and the maximum value for each certificate of supplemental instruction. The state board of
education shall annually complete a market survey in order to determine the maximum value for each certificate of supplemental instruction. This subsection shall not be construed to require the state to provide additional monies beyond the monies provided pursuant to section 42-5029, subsection E, paragraph 7.

S. Within sixty days of receiving notification of a school being assigned a letter grade of F, the school district governing board shall evaluate needed changes to the existing improvement plan for the school, consider recommendations from the solutions team, submit a copy of the plan to the superintendent of public instruction and the county educational service agency and supervise the implementation of the plan. Within thirty days after submitting the improvement plan to the superintendent of public instruction, the governing board shall hold a public meeting in each school that has been assigned a letter grade of F and shall present the respective improvement plans that have been developed for each school.

T. A school that has not submitted an improvement plan pursuant to subsection S of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection S of this section plus an additional ninety days. The state board of education shall require the superintendent of the school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.

U. If a charter school is assigned a letter grade of F, the department of education shall immediately notify the charter school's sponsor. The charter school's sponsor shall either take action to restore the charter school to acceptable performance or revoke the charter school's charter. Within thirty days the school shall notify the parents of the students attending the school of the classification and of any pending public meetings to review the issue.

V. A school that has been assigned a letter grade of F shall be evaluated by the department of education to determine if the school failed to properly implement its school improvement plan, align the curriculum with academic standards, provide teacher training, prioritize the budget or implement other proven strategies to improve academic performance. After visiting the school site pursuant to subsection O of this section, the department of education shall submit to the state board of education a recommendation to proceed pursuant to subsections Q, R and S of this section or that the school be subject to a public hearing to determine if the school failed to properly implement its improvement plan and the reasons for the department's recommendation.

W. If the department does recommend a public hearing, the state board of education shall meet and may provide by a majority vote at the public hearing for the continued operation of the school as allowed by this subsection. The state board of education shall determine whether
governmental, nonprofit and private organizations may submit applications to
the state board to fully or partially manage the school. The state board's
determination shall include:

1. If and to what extent the local governing board may participate in
the operation of the school including personnel matters.
2. If and to what extent the state board of education shall
participate in the operation of the school.
3. Resource allocation pursuant to subsection Y of this section.
4. Provisions for the development and submittal of a school
improvement plan to be presented in a public meeting at the school.
5. A suggested time frame for the alternative operation of the school.
X. The state board shall periodically review the status of a school
that is operated by an organization other than the school district governing
board to determine whether the operation of the school should be returned to
the school district governing board. Before the state board makes a
determination, the state board or its designee shall meet with the school
district governing board or its designee to determine the time frame,
operational considerations and the appropriate continuation of existing
improvements that are necessary to assure a smooth transition of authority
from the other organization back to the school district governing board.
Y. If an alternative operation plan is provided pursuant to subsection
W of this section, the state board of education shall pay for the operation
of the school and shall adjust the school district's soft capital allocation
pursuant to section 15-962, capital outlay revenue limit pursuant to section
15-961, base support level pursuant to section 15-943, monies distributed
from the classroom site fund established by section 15-977 and transportation
support level pursuant to section 15-945 to accurately reflect any reduction
in district services that are no longer provided to that school by the
district. The state board of education may modify the school district's
revenue control limit, the district support level and the general budget
limit calculated pursuant to section 15-947 by an amount that corresponds to
this reduction in services. The state board of education shall retain the
portion of state aid that would otherwise be due the school district for the
school and shall distribute that portion of state aid directly to the
organization that contracts with the state board of education to operate the
school.
Z. If the state board of education determines that a charter school
failed to properly implement its improvement plan, the sponsor of the charter
school shall revoke the charter school's charter.
AA. If there are more than two schools in a district and more than
one-half, or in any case more than five, of the schools in the district are
assigned a letter grade of F for more than two consecutive years, in the next
election of members of the governing board the election ballot shall contain
the following statement immediately above the listing of governing board
candidates:
Within the last five years, (number of schools) schools in the ________ school district have been assigned a letter grade of F or designated as "schools failing to meet academic standards" by the superintendent of public instruction.

BB. At least twice each year the department of education shall publish in a newspaper of general circulation in each county of this state a list of schools that are assigned a letter grade of F.

CC. The failing schools tutoring fund is established consisting of monies collected pursuant to section 42-5029, subsection E as designated for this purpose. The department of education shall administer the fund. The department of education may use monies from the fund to purchase materials designed to assist students to meet the Arizona academic standards and to achieve a passing score on the Arizona instrument to measure standards test in order to graduate from high school.

DD. The department of education may develop a classification label for school districts and charter school operators. If the department of education develops a classification label for school districts and charter school operators, the classification label may be developed from the following components:
   1. Measures of academic progress.
   2. Pupil assessment data.
   3. The attendance rates and graduation rates of pupils who are educated in that charter school operator's charter schools or in that school district's schools.
   4. The percentage of the parents of pupils enrolled in that charter school operator's charter schools or in that school district's schools that categorizes the quality of their child's education as excellent on a parental rating of school quality.

EE. The state board of education shall determine appropriate modifications to the criteria used to calculate achievement profiles for schools that participate in the board examination system prescribed in chapter 7, article 6 of this title.

FF. The state board of education shall adopt guidelines to include supplementary training in reading instruction for teachers who provide instruction to pupils in a kindergarten program or grade one, two or three in an improvement plan pursuant to subsection K of this section.

GG. In addition to any other corrective procedures prescribed in this section and section 15-241.01, a school that has been assigned a letter grade of D or F for two consecutive years shall implement a science, technology, engineering and mathematics intervention strategy under the supervision of the state board of education.

HH. In addition to any other corrective procedures prescribed in this section a school district that has been assigned a letter grade of D or F for two consecutive years shall implement a parent involvement strategy. The parent involvement strategy shall be included in the school improvement plans.
PLAN for each applicable school within the district, as prescribed in subsection K of this section.

Sec. 2. Section 15-901, Arizona Revised Statutes, is amended to read:

15-901. Definitions

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

1. "Average daily membership" means the total enrollment of fractional students and full-time students, minus withdrawals, of each school day through the first one hundred days or two hundred days in session, as applicable, for the current year. Withdrawals include students formally withdrawn from schools and students absent for ten consecutive school days, except for excused absences identified by the department of education. For the purposes of this section, school districts and charter schools shall report student absence data to the department of education at least once every sixty days in session. For computation purposes, the effective date of withdrawal shall be retroactive to the last day of actual attendance of the student or excused absence.

   (a) "Fractional student" means:

   (i) For common schools, a preschool child who is enrolled in a program for preschool children with disabilities of at least three hundred sixty minutes each week or a kindergarten student at least five years of age before January 1 of the school year and enrolled in a school kindergarten program that meets at least three hundred fifty-six hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. Lunch periods and recess periods may not be included as part of the instructional hours unless the child's individualized education program requires instruction during those periods and the specific reasons for such instruction are fully documented. In computing the average daily membership, preschool children with disabilities and kindergarten students shall be counted as one-half of a full-time student. For common schools, a part-time student is a student enrolled for less than the total time for a full-time student as defined in this section. A part-time common school student shall be counted as one-fourth, one-half or three-fourths of a full-time student if the student is enrolled in an instructional program that is at least one-fourth, one-half or three-fourths of the time a full-time student is enrolled as defined in subdivision (b) of this paragraph.

   (ii) For high schools, a part-time student who is enrolled in less than four subjects that count toward graduation as defined by the state board of education, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, in a recognized high school. The average daily membership of a part-time high school student shall be 0.75 if the student is enrolled in an instructional program of three subjects that meet at least five hundred forty hours for a one hundred eighty day school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.5 if the
student is enrolled in an instructional program of two subjects that meet at
least three hundred sixty hours for a one hundred eighty day school year, or
the instructional hours prescribed in this section. The average daily
membership of a part-time high school student shall be 0.25 if the student is
enrolled in an instructional program of one subject that meets at least one
hundred eighty hours for a one hundred eighty day school year, or the
instructional hours prescribed in this section.

(b) "Full-time student" means:

(i) For common schools, a student who is at least six years of age
before January 1 of a school year, who has not graduated from the highest
grade taught in the school district and who is regularly enrolled in a course
of study required by the state board of education. First, second and third
grade students, ungraded students at least six, but under nine, years of age
by September 1 or ungraded group B children with disabilities who are at
least five, but under six, years of age by September 1 must be enrolled in an
instructional program that meets for a total of at least seven hundred twelve
hours for a one hundred eighty day school year, or the instructional hours
prescribed in this section. Fourth, fifth and sixth grade students or
ungraded students at least nine, but under twelve, years of age by September
1 must be enrolled in an instructional program that meets for a total of at
least eight hundred ninety hours for a one hundred eighty day school year, or
the instructional hours prescribed in this section. Seventh and eighth grade
students or ungraded students at least twelve, but under fourteen, years of
age by September 1 must be enrolled in an instructional program that meets
for at least one thousand hours. Lunch periods and recess periods may not be
included as part of the instructional hours unless the student is a child
with a disability and the child’s individualized education program requires
instruction during those periods and the specific reasons for such
instruction are fully documented.

(ii) For high schools, except as provided in section 15-105, a student
not graduated from the highest grade taught in the school district, or an
ungraded student at least fourteen years of age by September 1, and enrolled
in at least an instructional program of four or more subjects that count
ward graduation as defined by the state board of education, each of which,
if taught each school day for the minimum number of days required in a school
year, would meet a minimum of one hundred twenty-three hours a year, or the
equivalent, that meets for a total of at least seven hundred twenty hours for
a one hundred eighty day school year, or the instructional hours prescribed
in this section in a recognized high school. A full-time student shall not
be counted more than once for computation of average daily membership. The
average daily membership of a full-time high school student shall be 1.0 if
the student is enrolled in at least four subjects that meet at least seven
hundred twenty hours for a one hundred eighty day school year, or the
equivalent instructional hours prescribed in this section.
(iii) Except as otherwise provided by law, for a full-time high school student who is concurrently enrolled in two school districts or two charter schools, the average daily membership shall not exceed 1.0.

(iv) Except as otherwise provided by law, for any student who is concurrently enrolled in a school district and a charter school, the average daily membership shall be apportioned between the school district and the charter school and shall not exceed 1.0. The apportionment shall be based on the percentage of total time that the student is enrolled in or in attendance at the school district and the charter school.

(v) Except as otherwise provided by law, for any student who is concurrently enrolled, pursuant to section 15-808, in a school district and Arizona online instruction or a charter school and Arizona online instruction, the average daily membership shall be apportioned between the school district and Arizona online instruction or the charter school and Arizona online instruction and shall not exceed 1.0. The apportionment shall be based on the percentage of total time that the student is enrolled in or in attendance at the school district and Arizona online instruction or the charter school and Arizona online instruction.

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

2. "Budget year" means the fiscal year for which the school district is budgeting and that immediately follows the current year.

3. "Common school district" means a political subdivision of this state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and either:
   (a) Grades one through eight.
   (b) Grades one through nine pursuant to section 15-447.01.

4. "Current year" means the fiscal year in which a school district is operating.

5. "Daily attendance" means:
   (a) For common schools, days in which a pupil:
      (i) Of a kindergarten program or ungraded, but not group B children with disabilities, and at least five, but under six, years of age by September 1 attends at least three-quarters of the instructional time scheduled for the day. If the total instruction time scheduled for the year is at least three hundred forty-six hours but is less than six hundred ninety-two hours, such attendance shall be counted as one-half day of attendance. If the instructional time scheduled for the year is at least six hundred ninety-two hours, "daily attendance" means days in which a pupil attends at least one-half of the instructional time scheduled for the day. Such attendance shall be counted as one-half day of attendance.
      (ii) Of the first, second or third grades, ungraded and at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities and at least five, but under six, years of age by September 1
attends more than three-quarters of the instructional time scheduled for the
day.

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

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

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

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

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

(c) For common schools, the attendance of a preschool child with
disabilities shall be counted as one-fourth day's attendance for each
thirty-six minutes of attendance not including lunch periods and recess
periods, except as provided in paragraph 1, subdivision (a), item (i) of this
subsection for children with disabilities up to a maximum of three hundred
sixty minutes each week.

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

(e) For high schools or ungraded schools in which the pupil is at
least fourteen years of age by September 1, the attendance of a pupil may be
counted as one-fourth of a day's attendance for each sixty minutes of
instructional time in a subject that counts toward graduation, except that
attendance for a pupil shall not exceed the pupil's full or fractional
membership.
(f) For homebound or hospitalized, a full day of attendance may be counted for each day during a week in which the student receives at least four hours of instruction.

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

6. "Daily route mileage" means the sum of:
   (a) The total number of miles driven daily by all buses of a school district while transporting eligible students from their residence to the school of attendance and from the school of attendance to their residence on scheduled routes approved by the superintendent of public instruction.
   (b) The total number of miles driven daily on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible student from the place of his residence to a school transportation pickup point or to the school of attendance and from the school transportation scheduled return point or from the school of attendance to his residence. Daily route mileage includes the total number of miles necessary to drive to transport eligible students from and to their residence as provided in this paragraph.

7. "District support level" means the base support level plus the transportation support level.

8. "Eligible students" means:
   (a) Students who are transported by or for a school district and who qualify as full-time students or fractional students, except students for whom transportation is paid by another school district or a county school superintendent, and:
      (i) For common school students, whose place of actual residence within the school district is more than one mile from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one mile from the school facility of attendance.
      (ii) For high school students, whose place of actual residence within the school district is more than one and one-half miles from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose
actual place of residence outside the school district boundaries is more than one and one-half miles from the school facility of attendance.

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

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

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

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

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

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

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

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

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

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

16. "Total students transported" means all eligible students transported from their place of residence to a school transportation pickup point or to the school of attendance and from the school of attendance or from the school transportation scheduled return point to their place of residence.

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

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

1. "Base" means the revenue level per student count specified by the legislature.
2. "Base level" means the following amounts plus the percentage increases to the base level as provided in sections 15-902.02, 15-918.04, 15-919.04 and 15-952, except that if a school district or charter school is eligible for an increase in the base level as provided in two or more of these sections, the base level amount shall be calculated by compounding rather than adding the sum of one plus the percentage of the increase from those different sections:
   (a) For fiscal year 2007-2008, three thousand two hundred twenty-six dollars eighty-eight cents.
   (b) For fiscal year 2008-2009, three thousand two hundred ninety-one dollars forty-two cents.
   (c) For fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, three thousand two hundred sixty-seven dollars seventy-two cents.
   (d) For fiscal year 2013-2014, three thousand two hundred fifty-six dollars ninety-four cents.
   (e) For fiscal year 2014-2015, three thousand two hundred forty-six dollars sixteen cents.
   (f) For fiscal year 2015-2016, three thousand two hundred thirty-five dollars thirty-eight cents.
   (g) For fiscal year 2016-2017, three thousand two hundred twenty-four dollars sixty cents.
   (h) For fiscal year 2017-2018, three thousand two hundred thirteen dollars eighty-two cents.
3. "Base revenue control limit" means the base revenue control limit computed as provided in section 15-944.
4. "Base support level" means the base support level as provided in section 15-943.
5. "Certified teacher" means a person who is certified as a teacher pursuant to the rules adopted by the state board of education, who renders direct and personal services to school children in the form of instruction related to the school district's educational course of study and who is paid from the maintenance and operation section of the budget.
6. "DD" means programs for children with developmental delays who are at least three years of age but under ten years of age. A preschool child who is categorized under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).
7. "ED, M ID, SLD, SLI and OHI" means programs for children with emotional disabilities, mild intellectual disabilities, a specific learning disability, a speech/language impairment and other health impairments. A preschool child who is categorized as SLI under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).
8. "ED-P" means programs for children with emotional disabilities who are enrolled in private special education programs as prescribed in section
15-765, subsection D, paragraph 1 or in an intensive school district program as provided in section 15-765, subsection D, paragraph 2.

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

10. "Full-time equivalent certified teacher" or "FTE certified teacher" means for a certified teacher the following:
   (a) If employed full time as defined in section 15-501, 1.00.
   (b) If employed less than full time, multiply 1.00 by the percentage of a full school day, or its equivalent, or a full class load, or its equivalent, for which the teacher is employed as determined by the governing board.

11. "Group A" means educational programs for career exploration, a specific learning disability, an emotional disability, a mild intellectual disability, remedial education, a speech/language impairment, developmental delay, homebound, bilingual, other health impairments and gifted pupils.

12. "Group B" means educational improvements for pupils in kindergarten programs and grades one through three, educational programs for autism, a hearing impairment, a moderate intellectual disability, multiple disabilities, multiple disabilities with severe sensory impairment, orthopedic impairments, preschool severe delay, a severe intellectual disability and emotional disabilities for school age pupils enrolled in private special education programs or in school district programs for children with severe disabilities or visual impairment and English learners enrolled in a program to promote English language proficiency pursuant to section 15-752.

13. "HI" means programs for pupils with hearing impairment.

14. "Homebound" or "hospitalized" means a pupil who is capable of profiting from academic instruction but is unable to attend school due to illness, disease, accident or other health conditions, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for a period of not less than three school months or a pupil who is capable of profiting from academic instruction but is unable to attend school regularly due to chronic or acute health problems, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for intermittent periods of time totaling three school months during a school year. The medical certification shall state the general medical condition, such as illness, disease or chronic health condition, that is the reason that the pupil is unable to attend school. Homebound or hospitalized includes a student who is unable to attend school for a period of less than three months due to a pregnancy if a competent medical doctor, after an examination, certifies that the student is unable to attend regular classes due to risk to the pregnancy or to the student's health.
15. "K-3" means kindergarten programs and grades one through three.
16. "K-3 Reading" means reading programs for pupils in kindergarten programs and grades one, two and three.
19. "MD-SSI" means a program for pupils with multiple disabilities with severe sensory impairment.
20. "MOID" means programs for pupils with moderate intellectual disability.
21. "OI-R" means a resource program for pupils with orthopedic impairments.
22. "OI-SC" means a self-contained program for pupils with orthopedic impairments.
24. "P-SD" means programs for children who meet the definition of preschool severe delay as provided in section 15-771.
25. "Qualifying tax rate" means the qualifying tax rate specified in section 15-971 applied to the assessed valuation used for primary property taxes.
26. "Small isolated school district" means a school district that meets all of the following:
   (a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.
   (b) Contains no school that is fewer than thirty miles by the most reasonable route from another school, or, if road conditions and terrain make the driving slow or hazardous, fifteen miles from another school that teaches one or more of the same grades and is operated by another school district in this state.
   (c) Is designated as a small isolated school district by the superintendent of public instruction.
27. "Small school district" means a school district that meets all of the following:
   (a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.
   (b) Contains at least one school that is fewer than thirty miles by the most reasonable route from another school that teaches one or more of the same grades and is operated by another school district in this state.
   (c) Is designated as a small school district by the superintendent of public instruction.
28. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.
29. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

30. "VI" means programs for pupils with visual impairments.


Sec. 3. Title 15, chapter 9, article 1, Arizona Revised Statutes, is amended by adding section 15-917, to read:

15-917. Performance funding

A. PERFORMANCE FUNDING FOR EACH SCHOOL DISTRICT AND CHARTER SCHOOL SHALL BE COMPUTED AS FOLLOWS:

1. THE ACHIEVEMENT PAYMENT SHALL BE COMPUTED AS FOLLOWS:
   (a) IDENTIFY THE ACHIEVEMENT SCORE OF THE SCHOOL DISTRICT OR CHARTER SCHOOL ON A TWO HUNDRED-POINT SCALE FOR THE PRIOR SCHOOL YEAR PURSUANT TO SECTION 15-241.
   (b) SUBTRACT ONE HUNDRED FROM THE SCORE IDENTIFIED IN SUBDIVISION (a) OF THIS PARAGRAPH.
   (c) MULTIPLY THE DIFFERENCE IDENTIFIED IN SUBDIVISION (b) OF THIS PARAGRAPH BY FIVE DOLLARS FORTY THREE CENTS.
   (d) MULTIPLY THE PRIOR YEAR AVERAGE DAILY MEMBERSHIP OF THE SCHOOL DISTRICT OR CHARTER SCHOOL BY THE LESSER OF FIVE HUNDRED DOLLARS OR THE PRODUCT IDENTIFIED IN SUBDIVISION (c) OF THIS PARAGRAPH.
   (e) FOR FISCAL YEARS 2013-2014 THROUGH 2016-2017 ONLY, REDUCE THE PRODUCT DETERMINED IN SUBDIVISION (d) OF THIS PARAGRAPH BY THE FOLLOWING PERCENTAGES:
      (i) FOR FISCAL YEAR 2013-2014, EIGHTY PER CENT.
      (ii) FOR FISCAL YEAR 2014-2015, SIXTY PER CENT.
      (iii) FOR FISCAL YEAR 2015-2016, FORTY PER CENT.
      (iv) FOR FISCAL YEAR 2016-2017, TWENTY PER CENT.

2. THE IMPROVEMENT PAYMENT SHALL BE COMPUTED AS FOLLOWS:
   (a) IDENTIFY THE ACHIEVEMENT SCORE OF THE SCHOOL DISTRICT OR CHARTER SCHOOL ON A TWO HUNDRED POINT SCALE FOR THE PRIOR SCHOOL YEAR PURSUANT TO SECTION 15-241.
   (b) IDENTIFY THE HIGHEST PREVIOUS ACHIEVEMENT SCORE OF THE SCHOOL DISTRICT OR CHARTER SCHOOL DURING UP TO THE LAST FIVE YEARS AFTER FISCAL YEAR 2011-2012.
   (c) SUBTRACT THE SCORE IDENTIFIED IN SUBDIVISION (b) OF THIS PARAGRAPH FROM THE SCORE IDENTIFIED IN SUBDIVISION (a) OF THIS PARAGRAPH. IF THE DIFFERENCE IS ZERO OR NEGATIVE, ASSUME ZERO.
   (d) MULTIPLY THE NUMBER IDENTIFIED IN SUBDIVISION (a) OF THIS PARAGRAPH BY TWENTY FIVE CENTS.
   (e) SUBTRACT THE PRODUCT IDENTIFIED IN SUBDIVISION (d) OF THIS PARAGRAPH FROM SIXTY DOLLARS.
   (f) MULTIPLY THE DIFFERENCE IDENTIFIED IN SUBDIVISION (c) OF THIS PARAGRAPH BY THE DIFFERENCE IDENTIFIED IN SUBDIVISION (e) OF THIS PARAGRAPH.
(g) Multiply the prior year average daily membership of the school district or charter school by the lesser of five hundred dollars or the product identified in subdivision (f) of this paragraph.

(h) For fiscal years 2013-2014 through 2016-2017 only, reduce the product determined in subdivision (g) of this paragraph by the following percentages:

(i) For fiscal year 2013-2014, eight per cent.

(ii) For fiscal year 2014-2015, sixty per cent.

(iii) For fiscal year 2015-2016, forty per cent.

(iv) For fiscal year 2016-2017, twenty per cent.

B. Performance funding for a school district or charter school shall equal the sum of its achievement payment pursuant to subsection A, paragraph 1 of this section and its improvement payment pursuant to subsection A, paragraph 2 of this section.

C. On or before October 15 of each year, the Department of Education shall prominently post on the Department’s website performance funding information that includes the following information for each school district and charter school:

1. The per pupil achievement payment amount calculated pursuant to subsection A, paragraph 1 of this section.

2. The per pupil improvement payment amount calculated pursuant to subsection A, paragraph 2 of this section.

3. The total performance funding amount.

D. This section does not apply to joint technical education districts.

Sec. 4. Section 15-943, Arizona Revised Statutes, is amended to read:

15-943. Base support level

The base support level for each school district shall be computed as follows:

1. The following support level weights shall be used in paragraph 2, subdivision (a) of this section for the following school districts:

   (a) For school districts whose student count in kindergarten programs and grades one through eight is classified in column 1 of this subdivision, the support level weight for kindergarten programs and grades one through eight is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Count</td>
<td>Support Level Weight</td>
<td>Support Level Weight</td>
</tr>
<tr>
<td>For Small Isolated School Districts</td>
<td>For Small School Districts</td>
<td></td>
</tr>
<tr>
<td>1-99</td>
<td>1.559</td>
<td>1.399</td>
</tr>
<tr>
<td>100-499</td>
<td>1.358 + [0.0005 x (500 - student count)]</td>
<td>1.278 + [0.0003 x (500 - student count)]</td>
</tr>
<tr>
<td>500-599</td>
<td>1.158 + [0.002 x (600 - student count)]</td>
<td>1.158 + [0.0012 x (600 - student count)]</td>
</tr>
</tbody>
</table>
(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<table>
<thead>
<tr>
<th>Student Count</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-99</td>
<td>1.669</td>
<td>1.559</td>
</tr>
<tr>
<td>100-499</td>
<td>1.468 + [0.0005 x (500 - student count)]</td>
<td>1.398 + [0.0004 x (500 - student count)]</td>
</tr>
<tr>
<td>500-599</td>
<td>1.268 + [0.002 x (600 - student count)]</td>
<td>1.236 + [0.0013 x (600 - student count)]</td>
</tr>
</tbody>
</table>

2. Subject to paragraph 1 of this section, determine the weighted student count as follows:

(a) Support Level

<table>
<thead>
<tr>
<th>Grade</th>
<th>Base Weight</th>
<th>Group A Weight</th>
<th>Student Count</th>
<th>Weighted Student Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSD</td>
<td>1.000 + 0.450</td>
<td>= 1.450</td>
<td>x _______</td>
<td>= _______</td>
</tr>
<tr>
<td>K-8</td>
<td>1.000 + 0.158</td>
<td>= 1.158</td>
<td>x _______</td>
<td>= _______</td>
</tr>
<tr>
<td>9-12</td>
<td>1.163 + 0.105</td>
<td>= 1.268</td>
<td>x _______</td>
<td>= _______</td>
</tr>
</tbody>
</table>

Subtotal A _______

(b) Support Level

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
<th>Student Count</th>
<th>Weighted Student Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>HI</td>
<td>4.771 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>K-3</td>
<td>0.060 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>K-3 reading</td>
<td>0.040 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>ELL</td>
<td>0.115 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>MD-R, A-R and SID-R</td>
<td>6.024 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>MD-SC, A-SC and SID-SC</td>
<td>5.833 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>MD-SSI</td>
<td>7.947 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>OI-R</td>
<td>3.158 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>OI-SC</td>
<td>6.773 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>P-SD</td>
<td>3.595 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>DD, ED, MIID, SLD, SLI and OHI</td>
<td>0.003 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
<tr>
<td>ED-P</td>
<td>4.822 x</td>
<td>_______</td>
<td>= _______</td>
</tr>
</tbody>
</table>
MOID 4.421 x ________ = ____________

VI 4.806 x ________ = ____________

Subtotal B ____________

(c) Total of subtotals A and B:

3. Multiply the total determined in paragraph 2 of this section by the base level.

4. Multiply the teacher experience index of the district or 1.00, whichever is greater, by the product obtained in paragraph 3 of this section.

5. FOR JOINT TECHNICAL EDUCATION DISTRICTS, MULTIPLY THE TOTAL DETERMINED IN PARAGRAPH 4 OF THIS SECTION BY THE FOLLOWING FACTOR:

(a) FOR FISCAL YEAR 2013-2014, 1.0033.
(b) FOR FISCAL YEAR 2014-2015, 1.0067.
(c) FOR FISCAL YEAR 2015-2016, 1.01.
(d) FOR FISCAL YEAR 2016-2017, 1.0134.
(e) FOR FISCAL YEAR 2017-2018 AND ALL SUBSEQUENT FISCAL YEARS, 1.0168.

6. ADD THE PERFORMANCE FUNDING AMOUNT COMPUTED PURSUANT TO SECTION 15-917.

Sec. 5. Transition from AIMS test

A. On or before August 15, 2015, the department of education shall develop mechanisms and procedures to designate comparable scores obtained on the Arizona instrument to measure standards test to scores obtained on a competency test selected by the state board of education that is designed to measure college and career readiness.

B. The department of education shall prepare and submit recommended legislation for consideration in the fifty-second legislature, second regular session that is designed to adjust performance payment calculations for school districts and charter schools to fairly and accurately account for the transition from the Arizona instrument to measure standards test to a competency test selected by the state board of education that is designed to measure college and career readiness.

Sec. 6. Performance funding evaluation; report; public meeting

A. For fiscal year 2016-2017, the state board of education shall contract with an independent organization to evaluate whether performance funding for school districts and charter schools results in improved academic performance of pupils.

B. The independent organization selected pursuant to subsection A of this section shall submit a report on or before December 31, 2017 to the governor, the president of the senate and the speaker of the house of representatives that summarizes the evaluation conducted pursuant to subsection A of this section and that includes findings and recommendations on the following:

1. Methods to improve performance funding for school districts and charter schools.
2. Methods to improve the letter grade system prescribed in section 15-241, subsection H, Arizona Revised Statutes, as amended by this act, in a manner that results in improved academic performance of pupils.

C. The independent organization selected pursuant to subsection A of this section shall submit a copy of the report prescribed in subsection B of this section to the secretary of state.

D. On or before November 15, 2017, the joint legislative budget committee shall conduct a review of performance funding for school districts and charter schools in a public meeting held for this purpose. The public meeting shall include a public discussion of the findings and recommendations prescribed in the evaluation report submitted pursuant to subsection B of this section. The public meeting shall provide for public testimony.

Sec. 7. Intent

It is the intent of the Legislature that school districts and charter schools that sustain high levels of academic achievement or improve their academic achievement be rewarded through a performance funding system. The intent is that all school districts and charter schools have fair and reasonable access to performance funding and that funding levels should not be driven by where a school district or a charter school is located.