

~~common school districts, tuition, elimination~~
(now: school districts; tuition; expenditures)

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

CHAPTER 285
HOUSE BILL 2124

AN ACT

AMENDING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2020, CHAPTER 14, SECTION 2; AMENDING SECTIONS 15-824, 15-910, 15-943.01, 15-947 AND 15-951, ARIZONA REVISED STATUTES; REPEALING SECTION 15-951, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 15-961, 15-971, 15-974 AND 15-992, ARIZONA REVISED STATUTES; RELATING TO EDUCATION FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-448, Arizona Revised Statutes, as amended by
3 Laws 2020, chapter 14, section 2, is amended to read:
4 15-448. Formation of unified school district; board
5 membership; budget
6 A. One or more common school districts and a high school district
7 with coterminous or overlapping boundaries may establish a unified school
8 district pursuant to this section. Unification of a common school
9 district and a high school district is not authorized by this section if
10 any of the high school facilities owned by the new unified school district
11 would not be located within its boundaries.
12 B. Formation of a unified school district shall be by resolutions
13 approved by the governing boards of the unifying school districts and
14 certification of approval by such governing boards to the county school
15 superintendent of the county or counties in which such individual school
16 districts are located. A common school district and high school district
17 that unify pursuant to this section shall not exclude from the same
18 unification a common school district that has overlapping boundaries with
19 the high school district and that wishes to unify. Except as provided in
20 subsection D of this section, the formation of a unified school district
21 becomes effective on July 1 of the next fiscal year following the
22 certification of the county school superintendent. An election is not
23 required to form a unified school district pursuant to this section.
24 Notice of the proposed vote of the governing boards on the resolutions
25 prescribed in this subsection shall be posted in at least three public
26 places in each of the school districts proposed to be unified at least
27 ninety days before the proposed vote. At least ninety days before the
28 governing boards vote on the resolutions prescribed in this subsection,
29 the governing boards shall mail a pamphlet to each household with one or
30 more qualified electors that lists the full cash value, the assessed
31 valuation and the estimated amount of the primary property taxes and the
32 estimated amount of the secondary property taxes under the proposed
33 unification for each of the following:
34 1. An owner-occupied residence whose assessed valuation is the
35 average assessed valuation of property classified as class three, as
36 prescribed by section 42-12003 for the current year in the school
37 district.
38 2. An owner-occupied residence whose assessed valuation is one-half
39 of the assessed valuation of the residence in paragraph 1 of this
40 subsection.
41 3. An owner-occupied residence whose assessed valuation is twice
42 the assessed valuation of the residence in paragraph 1 of this subsection.

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

5 C. The boundaries of the unified school district shall be the
6 boundaries of the former common school district or districts that unify.
7 The boundaries of the common school district or districts that are not
8 unifying remain unchanged. The county school superintendent, immediately
9 on receipt of the approved resolutions prescribed by subsection B of this
10 section, shall file with the board of supervisors, the county assessor and
11 the superintendent of public instruction a transcript of the boundaries of
12 the unified school district. The boundaries shown in the transcript shall
13 become the legal boundaries of the school districts on July 1 of the next
14 fiscal year.

15 D. On formation of the unified school district, the governing board
16 consists of the members of the former school district governing boards and
17 the members shall hold office until January 1 following the first general
18 election after formation of the district. For the purpose of all actions
19 that are necessary to operate the unified district for the next year, the
20 unified school district governing board is constituted and may conduct
21 meetings after the adoption of the unification resolutions prescribed by
22 subsection B of this section.

23 E. Beginning on January 1 following the first general election
24 after formation of the unified school district, the governing board shall
25 have five members. At the first general election after the formation of
26 the district, members shall be elected in the following manner:

27 1. The three candidates receiving the highest, the second highest
28 and the third highest number of votes shall be elected to four-year terms.

29 2. The two candidates receiving the fourth and fifth highest number
30 of votes shall be elected to two-year terms. Thereafter all offices shall
31 have four-year terms.

32 F. The new unified school district may appoint a resident of the
33 remaining common school district to serve as a nonvoting member of the
34 governing board to represent the interests of the high school pupils who
35 reside in the remaining common school district and who attend school in
36 the unified school district.

37 G. For the first year of operation, the unified school district
38 governing board shall prepare a consolidated budget based on the student
39 counts from the school districts comprising the unified school
40 district, ~~except that for purposes of determining budget amounts and~~
41 ~~equalization assistance, the student count for the former high school~~
42 ~~district shall not include the prior year average daily membership~~
43 ~~attributable to high school pupils from a common school district that was~~
44 ~~part of the former high school district but is not part of the unified~~
45 ~~school district. The unified school district shall charge the remaining~~

1 ~~common school district tuition for these pupils as provided in subsection~~
2 ~~D of this section.~~ The unified school district may budget for unification
3 assistance pursuant to section 15-912.01.

4 H. The governing board of the unified school district shall prepare
5 policies, curricula and budgets for the district. These policies shall
6 require that:

7 1. The base compensation of each certificated teacher for the first
8 year of operation of the new unified school district shall not be lower
9 than the certificated teacher's base compensation for the prior year in
10 the previously existing school districts.

11 2. The certificated teacher's years of employment in the previously
12 existing school districts shall be included in determining the teacher's
13 certificated years of employment in the new unified school district.

14 I. On formation of a unified school district, any existing override
15 authorization of the former high school district and the former common
16 school district or districts shall continue until expiration based on the
17 revenue control limit of the school district or districts that had
18 override authorization before unification. The unified school district
19 may request new override authorization for the budget year as provided in
20 section 15-481 based on the combined revenue control limit of the new
21 district after unification. If the unified school district's request for
22 override authorization is approved, it will replace any existing override
23 for the budget year.

24 J. The unified school district shall admit high school pupils who
25 reside in a common school district that was located within the boundaries
26 of the former high school district. ~~Tuition shall be paid to the unified~~
27 ~~school district by the common school district in which such pupils reside.~~
28 ~~Such tuition amount shall be calculated in accordance with section 15-824,~~
29 ~~subject to the following modifications:~~

30 ~~1. If the former high school district had outstanding bonded~~
31 ~~indebtedness at the time of unification, the combined tuition for the~~
32 ~~group of high school pupils who reside in each common school district~~
33 ~~shall include a debt service amount for the former high school district's~~
34 ~~outstanding bonded indebtedness that is determined as follows:~~

35 ~~(a) Divide the total net assessed valuation of the common school~~
36 ~~district in which the group of pupils resides by the total net assessed~~
37 ~~valuation of the former high school district. For the purposes of this~~
38 ~~subdivision, "net assessed valuation" means net assessed valuation for the~~
39 ~~tax year before the year when the unified school district governing board~~
40 ~~is constituted pursuant to subsection D of this section and includes the~~
41 ~~values used to determine voluntary contributions collected pursuant to~~
42 ~~title 9, chapter 4, article 3 and title 48, chapter 1, article 8.~~

43 ~~(b) Multiply the quotient obtained in subdivision (a) of this~~
44 ~~paragraph by the unified school district's annual debt service~~
45 ~~expenditure.~~

1 ~~2. The debt service portion of such tuition payments calculated~~
2 ~~pursuant to paragraph 1 of this subsection shall be used exclusively for~~
3 ~~debt service of the outstanding bonded indebtedness of the former high~~
4 ~~school district. When such indebtedness is fully extinguished, the debt~~
5 ~~service portion of a pupil's tuition shall be determined in accordance~~
6 ~~with paragraph 3 of this subsection.~~

7 ~~3. If the former high school district had no outstanding bonded~~
8 ~~indebtedness at the time of unification, the tuition calculation shall~~
9 ~~include the actual school district expenditures for the portion of any~~
10 ~~debt service of the unified school district that pertains to any~~
11 ~~construction or renovation of high school facilities divided by the school~~
12 ~~district's student count for the high school portion of the school~~
13 ~~district.~~

14 ~~4. The unified school district shall not include in the tuition~~
15 ~~calculation any debt service that pertains to any construction or~~
16 ~~renovation of school facilities for preschool through grade eight.~~

17 ~~5. Notwithstanding section 15-951, subsection F, the revenue~~
18 ~~control limit of the common school district shall include the full amount~~
19 ~~of the debt service portion of the tuition calculated pursuant to this~~
20 ~~subsection.~~ FOR THE PURPOSES OF DETERMINING STUDENT COUNT AND FOR
21 APPORTIONMENT OF STATE AID, THE SCHOOL MEMBERSHIP OF THESE PUPILS IS
22 DEEMED TO BE ENROLLMENT IN THE UNIFIED SCHOOL DISTRICT.

23 K. All assets and liabilities of the unifying school districts
24 shall be transferred and assumed by the new unified school district. Any
25 existing bonded indebtedness of a common school district or a high school
26 district unifying pursuant to this section shall be assumed by the new
27 unified school district and shall be regarded as an indebtedness of the
28 new unified school district for the purpose of determining the debt
29 incurring authority of the district. Taxes for the payment of such bonded
30 indebtedness shall be levied on all taxable property in the new unified
31 school district, but nothing in this subsection shall be construed to
32 relieve from liability to taxation for the payment of all taxable property
33 of the former high school district if necessary to prevent a default in
34 the payment of any bonded indebtedness of the former high school district.
35 The residents of a common school district that does not unify shall not
36 vote in bond or override elections of the unified school district and
37 shall not be assessed taxes as a result of a bond or override election of
38 the unified school district.

39 L. If the remaining common school district had authorization for an
40 override as provided in section 15-481 or 15-482, the override
41 authorization continues for the remaining common school district or
42 districts in the same manner as before the formation of the unified school
43 district.

1 M. The bonding authorization and bonding limitations continue for
2 the remaining common school district or districts in the same manner as
3 before the formation of the unified school district.

4 N. This section does not relieve a school district formed pursuant
5 to section 15-457 or 15-458 of its liability for any outstanding bonded
6 indebtedness.

7 O. For school districts that became unified after July 1, 2004 and
8 where all of the common schools were eligible for the small school
9 district weight pursuant to section 15-943, paragraph 1, subdivision (a)
10 when computing their base support level and base revenue control limit
11 before unification, the unified school district may continue to use the
12 small school district weight as follows:

13 1. Annually determine the common school student count and the
14 weighted student count pursuant to section 15-943, paragraph 1,
15 subdivision (a) for each common school district before unification.

16 2. Calculate the sum of the common school districts' student counts
17 and weighted student counts determined in paragraph 1 of this subsection.

18 3. Divide the sum of the weighted student counts by the sum of the
19 student counts determined in paragraph 2 of this subsection.

20 4. The amount determined in paragraph 3 of this subsection shall be
21 the weight for the common schools in the unified school district.

22 P. A unified school district may calculate its revenue control
23 limit and district support level by using subsection O of this section as
24 follows:

25 1. Determine the number of individual school districts that existed
26 before unification into a single school district.

27 2. Multiply the amount determined in paragraph 1 of this subsection
28 by six hundred.

29 3. Multiply the amount determined in paragraph 2 of this subsection
30 by 0.80.

31 4. If the amount determined in paragraph 3 of this subsection
32 exceeds the student count of the unified school district, the unified
33 school district is eligible to use subsection O of this section.

34 Q. Subsections O and P of this section shall remain in effect until
35 the aggregate student count of the common school districts before
36 unification exceeds the aggregate number of students of the common school
37 districts before unification authorized to utilize section 15-943,
38 paragraph 1, subdivision (a).

39 Sec. 2. Section 15-824, Arizona Revised Statutes, is amended to
40 read:

41 15-824. Admission of pupils of other school districts;
42 homeless children; tuition charges; definitions

43 A. The governing board of a school district shall admit pupils from
44 another school district or area as follows:

1 1. On the presentation of a certificate of educational convenience
2 issued by the county school superintendent pursuant to section 15-825.

3 2. For three hundred fifty or fewer pupils, to a high school
4 without the presentation of ~~such~~ a certificate OF EDUCATIONAL CONVENIENCE,
5 if the pupil is a resident of a common school district within this state
6 that is not within a high school district and that does not offer
7 instruction in the pupil's grade. The three hundred fifty or fewer pupil
8 limitation prescribed in this paragraph does not apply to a small isolated
9 school district as defined in section 15-901. ~~Tuition shall be charged as~~
10 ~~prescribed in subsection E of this section for each pupil admitted~~
11 ~~pursuant to this paragraph, each pupil from a school district that~~
12 ~~provides only financing for pupils who are instructed by another school~~
13 ~~district and each pupil from a unified district that does not offer~~
14 ~~instruction in the pupil's grade.~~ The school membership of such pupils is
15 deemed, for the ~~purpose~~ PURPOSES of determining student count AND
16 PROVIDING A FREE AND APPROPRIATE PUBLIC EDUCATION PURSUANT TO THE
17 INDIVIDUALS WITH DISABILITIES EDUCATION ACT (20 UNITED STATES CODE
18 CHAPTER 33) and for apportionment of state aid, to be enrollment in the
19 school district of the pupil's ~~residence~~ ATTENDANCE.

20 3. TO A HIGH SCHOOL WITHOUT THE PRESENTATION OF A CERTIFICATE OF
21 EDUCATIONAL CONVENIENCE IF THE PUPIL IS A RESIDENT OF A TRANSPORTING
22 SCHOOL DISTRICT THAT DOES NOT OFFER INSTRUCTION IN THE PUPIL'S GRADE.
23 TUITION SHALL BE CHARGED AS PRESCRIBED IN SUBSECTION E OF THIS SECTION FOR
24 EACH PUPIL WHO IS ADMITTED PURSUANT TO THIS PARAGRAPH. FOR THE PURPOSES
25 OF DETERMINING STUDENT COUNT AND FOR APPORTIONMENT OF STATE AID, THE
26 SCHOOL MEMBERSHIP OF THESE PUPILS IS DEEMED TO BE ENROLLMENT IN THE SCHOOL
27 DISTRICT OF THE PUPIL'S RESIDENCE.

28 B. The residence of the person having legal custody of the pupil is
29 considered the residence of the pupil, except as provided in subsection C
30 of this section and in section 15-825, subsection B.

31 C. The current residence of a homeless pupil who does not reside
32 with the person having legal custody of the pupil is considered to be the
33 residence of the homeless pupil if the person having legal custody of the
34 pupil is a resident of the United States. For the purposes of this
35 subsection, "homeless pupil" means a pupil who has a primary residence
36 that is:

37 1. A supervised publicly or privately operated shelter designed to
38 provide temporary living accommodations.

39 2. An institution that provides a temporary residence for
40 individuals intended to be institutionalized.

41 3. A public or private place not designed for, or ordinarily used
42 as, a regular sleeping accommodation for human beings.

43 D. The school enrollment of a pupil who is a resident of this state
44 or who is admitted to a school district under section 15-823, subsection
45 B, C, E, F or H is deemed, for the purpose of determining student count

1 and for apportionment of state aid, to be enrollment in the school
2 district of actual attendance, except as provided in section 15-825,
3 subsection A, paragraph 1 and subsection A, paragraph ~~2~~ 3 of this section
4 and except for pupils for whom the superintendent of public instruction is
5 charged tuition pursuant to section 15-825, subsections B and D and
6 section 15-976 or for whom another school district is charged tuition as
7 provided in subsections E and G of this section.

8 E. If tuition is required to be charged for pupils attending school
9 in a school district other than that of their residence, the tuition shall
10 be determined and paid in the following manner:

11 1. The number of high school pupils for which tuition may be
12 charged to a ~~common TRANSPORTING~~ school district ~~that is not within a high~~
13 ~~school district~~ is equal to the average daily membership in the district
14 of attendance from the ~~common TRANSPORTING~~ school district for the prior
15 fiscal year, ~~except that for the first year in which a common school~~
16 ~~district not within a high school district stops teaching high school~~
17 ~~subjects, the district of attendance may charge tuition for the number of~~
18 ~~pupils that is equal to the average daily membership for high school~~
19 ~~pupils in the common school district for the prior fiscal year.~~ This
20 number may be adjusted if the ~~common TRANSPORTING~~ school district
21 increases its revenue control limit and district support level.

22 2. The tuition for pupils attending school in a school district
23 other than that of their residence, except pupils provided for by section
24 15-825, subsections B and D and any pupils included in the definition of
25 child with a disability in section 15-761, shall not exceed the cost per
26 student count of the school district attended, as determined for the
27 current school year. Tuition for pupils included in the definition of
28 child with a disability in section 15-761 shall not exceed the actual cost
29 of the school attended for each pupil as determined for the current
30 year. The school district of attendance shall not include in the cost per
31 student count a charge for transportation if no transportation is
32 provided, and the charge for transportation shall not exceed the actual
33 costs of providing transportation for the pupils served, as prescribed in
34 the uniform system of financial records. The school district of
35 attendance shall provide the school district of residence with the final
36 tuition charge for the current year and with an estimate of the budget
37 year's tuition charge by May 1 of the current year. The school district
38 of residence shall pay at least one-fourth of the total amount of the
39 estimated tuition by September 30, December 31 and March 31, and it shall
40 pay the remaining amount it owes after adjustments are made by June 30.

41 3. Notwithstanding paragraph 2 of this subsection and subsection G
42 of this section, if two school districts enter into a voluntary agreement
43 for the payment of tuition, the agreement shall specify the method for
44 computing the tuition amount and the timing of the payments. The
45 agreement shall not be longer than five consecutive years. If two school

1 districts enter into an agreement and choose to renew the agreement, each
2 renewal shall not be longer than five consecutive years. The agreement
3 shall specify that a parent or legal guardian of a pupil affected by a
4 tuition agreement entered pursuant to this section or section 15-816.01
5 may choose not to send the pupil or pupils to a school district or school
6 that is a party to the agreement.

7 4. Tuition of pupils as provided in section 15-825, subsection D
8 shall not exceed the excess costs for group B children with disabilities
9 minus the amount generated by the equalization base as determined in
10 section 15-971, subsection A for these pupils. A school district may
11 submit to the superintendent of public instruction a record of actual
12 excess costs to educate a group B child with a disability if the costs are
13 higher than the calculated excess costs or if a pupil has been placed in a
14 private school for special education services. The superintendent shall
15 determine if the additional costs will be paid, and if the costs are paid,
16 whether the additional costs will be paid by the state or the resident
17 district.

18 5. The amount received representing contributions to capital outlay
19 as provided in subsection G, paragraph 1, subdivision (b) of this section
20 shall be applied to the capital outlay fund or the debt service fund of
21 the school district.

22 6. The amount received representing contributions to debt service
23 as provided in subsection G, paragraph 1, ~~subdivisions~~ SUBDIVISION (c) ~~and~~
24 ~~(d)~~ of this section shall be applied to the debt service fund of the
25 school district if there is one. Otherwise the amount shall be credited
26 to the capital outlay fund of the school district.

27 F. A school district may submit to the superintendent of public
28 instruction a record of actual costs paid by the school district to
29 educate a pupil who qualifies for a certificate of educational convenience
30 under section 15-825, subsection B. If the actual costs for that pupil
31 exceed the costs per student count computed pursuant to subsection G of
32 this section, the superintendent of public instruction shall reimburse the
33 school district for these additional costs subject to legislative
34 appropriation.

35 G. For the purposes of this section:

36 1. "Costs per student count" means the sum of the following for the
37 common or high school portion of the school district attended, whichever
38 is applicable to the pupil involved, as prescribed in the uniform system
39 of financial records:

40 (a) The actual school district expenditures for the regular
41 education program subsection of the maintenance and operation section of
42 the budget divided by the school district's student count for the common
43 or high school portion of the school district, whichever is applicable.

44 (b) The actual school district expenditures for the capital outlay
45 section of the budget as provided in sections 15-903 and 15-905 excluding

1 expenditures for transportation equipment and buildings if no
2 transportation is provided and expenditures for the acquisition of
3 building sites, divided by the school district's student count for the
4 common or high school portion of the school district, whichever is
5 applicable.

6 (c) The actual school district expenditures for debt service
7 divided by the school district's student count for the common or high
8 school portion of the school district, whichever is applicable.

9 ~~(d) The result obtained in subdivision (c) of this paragraph shall~~
10 ~~not exceed:~~

11 ~~(i) Seven hundred fifty dollars if the pupil's school district of~~
12 ~~residence pays tuition for seven hundred fifty or fewer pupils to other~~
13 ~~school districts or one hundred fifty dollars if the state pays tuition~~
14 ~~for seven hundred fifty or fewer pupils to a school district pursuant to~~
15 ~~section 15-825, subsection D or section 15-976.~~

16 ~~(ii) Eight hundred dollars if the pupil's school district of~~
17 ~~residence pays tuition for one thousand or fewer, but more than seven~~
18 ~~hundred fifty, pupils to other school districts or two hundred dollars if~~
19 ~~the state pays tuition for one thousand or fewer, but more than seven~~
20 ~~hundred fifty, pupils to a school district pursuant to section 15-825,~~
21 ~~subsection D or section 15-976.~~

22 ~~(iii) The actual cost per student count if either the pupil's~~
23 ~~school district of residence or the state pays tuition for more than one~~
24 ~~thousand pupils to other school districts.~~

25 2. "Legal custody" means:

26 (a) Custody exercised by the natural or adoptive parents with whom
27 a pupil resides.

28 (b) Custody granted by order of a court of competent jurisdiction
29 to a person or persons with whom a pupil resides unless the primary
30 purpose for which custody was requested was to circumvent the payment of
31 tuition as provided in this section.

32 Sec. 3. Section 15-910, Arizona Revised Statutes, is amended to
33 read:

34 15-910. School district budgets; excess utility costs;
35 desegregation costs; tuition costs for bond issues;
36 costs for registering warrants; report

37 A. The governing board may budget for the district's excess utility
38 costs that are specifically exempt from the district's revenue control
39 limit. If approved by the qualified electors voting at a statewide
40 general election, the exemption from the revenue control limit under this
41 subsection expires at the end of the 2008-2009 budget year. The uniform
42 system of financial records shall specify expenditure items allowable as
43 excess utility costs, which are limited to direct operational costs of
44 heating, cooling, water and electricity, telephone communications and
45 sanitation fees. The department of education and the auditor general

1 shall include in the maintenance and operation section of the budget
2 format, as provided in section 15-903, a separate line for utility
3 expenditures and a special excess utility cost category. The special
4 excess utility cost category shall contain budgeted expenditures for
5 excess utility costs, determined as follows:

6 1. Determine the lesser of the total budgeted or total actual
7 utility expenditures for fiscal year 1984-1985.

8 2. Multiply the amount in paragraph 1 of this subsection by the
9 total percentage increase or decrease in the revenue control limit and the
10 capital outlay revenue limit for the budget year over the revenue control
11 limit and the capital outlay revenue limit for fiscal year 1984-1985
12 excluding monies available from a teacher compensation program provided
13 for in section 15-952.

14 3. The sum of the amounts in paragraphs 1 and 2 of this subsection
15 is the amount budgeted in the utility expenditure line.

16 4. Additional expenditures for utilities are budgeted in the excess
17 utility cost category.

18 B. The governing board shall apply the same percentage increase or
19 decrease allowed in the revenue control limit and the capital outlay
20 revenue limit as provided in section 15-905, subsection E to the utility
21 expenditure line of the budget.

22 C. The governing board may expend from the excess utility cost
23 category only after it has expended for utility purposes the full amount
24 budgeted in the utility expenditure line of the budget.

25 D. The governing board, after notice is given and a public meeting
26 is held as provided in section 15-905, subsection D, may revise at any
27 time before May 15 the amount budgeted in the excess utility cost category
28 for the current year. Not later than May 18, the budget as revised shall
29 be submitted electronically to the superintendent of public instruction.

30 E. If the revised excess utility cost category results in an
31 expenditure of monies in excess of school district revenues for the
32 current year, the county school superintendent shall include within the
33 revenue estimate for the budget year monies necessary to meet the
34 liabilities incurred by the school district in the current year in excess
35 of revenues received for the current year.

36 F. If a school district receives a refund of utility expenditures
37 or a rebate on energy saving devices or services, the refund or rebate
38 shall be applied against utility expenditures for the current year as a
39 reduction of the expenditures, except that the reduction of expenditures
40 shall not exceed the amount of actual utility expenditures.

41 G. The governing board may budget for expenses of complying with or
42 continuing to implement activities that were required or permitted by a
43 court order of desegregation or administrative agreement with the United
44 States department of education office for civil rights directed toward
45 remediating alleged or proven racial discrimination that are specifically

1 exempt in whole or in part from the revenue control limit and district
2 additional assistance. This exemption applies only to expenses incurred
3 for activities that are begun before the termination of the court order or
4 administrative agreement. If a district is levying a property tax on
5 February 23, 2006 and using those monies to administer an English language
6 learner program to remedy alleged or proven discrimination under title VI
7 of the civil rights act of 1964 (42 United States Code section 2000d), the
8 district may spend those monies to remedy a violation of the equal
9 educational opportunities act of 1974 (20 United States Code section
10 1703(f)). Nothing in this subsection allows a school district to levy a
11 property tax for violations of the equal educational opportunities act of
12 1974 (20 United States Code section 1703(f)) in the absence of an alleged
13 or proven discrimination under title VI of the civil rights act of 1964
14 (42 United States Code section 2000d).

15 H. If a governing board chooses to budget monies outside of the
16 revenue control limit as provided in subsection G of this section, the
17 governing board may do one of the following:

18 1. Use monies from the maintenance and operation fund equal to any
19 excess desegregation or compliance expenses beyond the revenue control
20 limit before June 30 of the current year.

21 2. Notify the county school superintendent to include the cost of
22 the excess expenses in the county school superintendent's estimate of the
23 additional amount needed for the school district from the secondary
24 property tax as provided in section 15-991.

25 3. Employ the provisions of both paragraphs 1 and 2 of this
26 subsection, provided that the total amount transferred and included in the
27 amount needed from property taxes does not exceed the total amount
28 budgeted as prescribed in subsection J, paragraph 1 of this section.

29 I. If a governing board chooses to budget monies outside of
30 district additional assistance as provided in subsection G of this
31 section, the governing board may notify the county school superintendent
32 to include the cost of the excess expenses in the county school
33 superintendent's estimate of the additional amount needed for the school
34 district from the secondary property tax as provided in section 15-991.

35 J. A governing board using subsections G, H and I of this section:

36 1. Shall prepare and employ a separate maintenance and operation
37 desegregation budget and capital outlay desegregation budget on a form
38 prescribed by the superintendent of public instruction in conjunction with
39 the auditor general. The budget format shall be designed to allow a
40 school district to plan and provide in detail for expenditures to be
41 incurred solely as a result of compliance with or continuing to implement
42 activities that were required or permitted by a court order of
43 desegregation or administrative agreement with the United States
44 department of education office for civil rights directed toward
45 remediating alleged or proven racial discrimination.

1 2. Shall prepare as a part of the annual financial report a
2 detailed report of expenditures incurred solely as a result of compliance
3 with or continuing to implement activities that were required or permitted
4 by a court order of desegregation or administrative agreement with the
5 United States department of education office for civil rights directed
6 toward remediating alleged or proven racial discrimination, in a format
7 prescribed by the auditor general in conjunction with the Arizona
8 department of education as provided by section 15-904.

9 3. On or before July 15 each year, shall collect and report data
10 regarding activities related to a court order of desegregation or an
11 administrative agreement with the United States department of education
12 office for civil rights directed toward remediating alleged or proven
13 racial discrimination in a format prescribed by the Arizona department of
14 education. The Arizona department of education shall compile and submit
15 copies of the reports to the governor, the president of the senate, the
16 speaker of the house of representatives and the chairpersons of the
17 education committees of the senate and the house of representatives and
18 shall submit a copy to the secretary of state. A school district that
19 becomes subject to a new court order of desegregation or a party to an
20 administrative agreement with the United States department of education
21 office for civil rights directed toward remediating alleged or proven
22 racial discrimination shall submit these reports on or before July 15 or
23 within ninety days of the date of the court order or administrative
24 agreement, whichever occurs first. The Arizona department of education,
25 in consultation with the auditor general, shall develop reporting
26 requirements to ensure that school districts submit at least the following
27 information and documentation to the Arizona department of education:

28 (a) A district-wide budget summary and a budget summary on a
29 school-by-school basis for each school in the school district that lists
30 the sources and uses of monies that are designated for desegregation
31 purposes.

32 (b) A detailed list of desegregation activities on a district-wide
33 basis and on a school-by-school basis for each school in the school
34 district.

35 (c) The date that the school district was determined to be out of
36 compliance with title VI of the civil rights act of 1964 (42 United States
37 Code section 2000d) and the basis for that determination.

38 (d) The initial date that the school district began to levy
39 property taxes to provide funding for desegregation expenses and any dates
40 that these property tax levies were increased.

41 (e) If applicable, a current and accurate description of all magnet
42 type programs that are in operation pursuant to the court order during the
43 current school year on a district-wide basis and on a school-by-school
44 basis. This information shall contain the eligibility and attendance
45 criteria of each magnet type program, the capacity of each magnet type

1 program, the ethnic composition goals of each magnet type program, the
2 actual attending ethnic composition of each magnet type program and the
3 specific activities offered in each magnet type program.

4 (f) The number of pupils who participate in desegregation
5 activities on a district-wide basis and on a school-by-school basis for
6 each school in the school district.

7 (g) A detailed summary of the academic achievement of pupils on a
8 district-wide basis and on a school-by-school basis for each school in the
9 school district.

10 (h) The number of employees, including teachers and administrative
11 personnel, on a district-wide basis and on a school-by-school basis for
12 each school in the school district that is necessary to conduct
13 desegregation activities.

14 (i) The number of employees, including teachers and administrative
15 personnel, on a district-wide basis and on a school-by-school basis for
16 each school in the school district and the number of employees at school
17 district administrative offices that are funded in whole or in part with
18 desegregation monies received pursuant to this section.

19 (j) The amount of monies that is not derived through a primary or
20 secondary property tax levy and that is budgeted and spent on
21 desegregation activities on a district-wide basis and on a
22 school-by-school basis for each school in the school district.

23 (k) Verification that the desegregation funding will supplement and
24 not supplant funding for other academic and extracurricular activities.

25 (l) Verification that the desegregation funding is educationally
26 justifiable.

27 (m) Any documentation that supports the proposition that the
28 requested desegregation funding is intended to result in equal education
29 opportunities for all pupils in the school district.

30 (n) Verification that the desegregation funding will be used to
31 promote systemic and organizational changes within the school district.

32 (o) Verification that the desegregation funding will be used in
33 accordance with the academic standards adopted by the state board of
34 education pursuant to sections 15-701 and 15-701.01.

35 (p) Verification that the desegregation funding will be used to
36 accomplish specific actions to remediate proven discrimination pursuant to
37 title VI of the civil rights act of 1964 (42 United States Code section
38 2000d) as specified in the court order or administrative agreement.

39 (q) An evaluation by the school district of the effectiveness of
40 the school district's desegregation measures.

41 (r) An estimate of when the school district will be in compliance
42 with the court order or administrative agreement and a detailed account of
43 the steps that the school district will take to achieve compliance.

1 (s) Any other information that the Arizona department of education
2 deems necessary to carry out the purposes of this paragraph.

3 K. If a school district governing board budgets for expenses of
4 complying with a court order of desegregation or an administrative
5 agreement with the United States department of education office for civil
6 rights directed toward remediating alleged or proven racial
7 discrimination, the governing board shall ensure that the desegregation
8 expenses will:

9 1. Be educationally justifiable.

10 2. Result in equal education opportunities for all pupils in the
11 school district.

12 3. Be used to promote systemic and organizational changes within
13 the school district.

14 4. Be used in accordance with the academic standards adopted by the
15 state board of education pursuant to sections 15-701 and 15-701.01.

16 5. Be used to accomplish specific actions to remediate proven
17 discrimination pursuant to title VI of the civil rights act of 1964
18 (42 United States Code section 2000d) as specified in the court order or
19 administrative agreement.

20 6. Be used in accordance with a plan submitted to the department of
21 education that includes an estimate of the amount of monies that will be
22 required to bring the school district into compliance with the court order
23 or administrative agreement and an estimate of when the school district
24 will be in compliance with the court order or administrative agreement.

25 7. Each fiscal year, not exceed the amount budgeted by the school
26 district for desegregation expenses in fiscal year 2008-2009.

27 L. ~~Beginning in fiscal year 2018-2019,~~ Subsections G through K of
28 this section apply only if the governing board uses revenues from
29 secondary property taxes rather than primary property taxes to fund
30 expenses of complying with or continuing to implement activities that were
31 required or allowed by a court order of desegregation or administrative
32 agreement with the United States department of education office for civil
33 rights directed toward remediating alleged or proven racial discrimination
34 that are specifically exempt in whole or in part from the revenue control
35 limit and district additional assistance. Secondary property taxes levied
36 pursuant to this subsection do not require voter approval, but shall be
37 separately delineated on a property owner's property tax statement.

38 ~~M. The governing board may budget for the bond issues portion of~~
39 ~~the cost of tuition charged the district as provided in section 15-824 for~~
40 ~~the pupils attending school in another school district, except that if the~~
41 ~~district is a common school district not within a high school district,~~
42 ~~the district may only include that part of tuition that is excluded from~~
43 ~~the revenue control limit and district support level as provided in~~
44 ~~section 15-951. The bond issues portion of the cost of tuition charged is~~
45 ~~specifically exempt from the revenue control limit of the school district~~

~~1 of residence, and the primary property tax rate set to fund this amount
2 shall not be included in the computation of additional state aid for
3 education as provided in section 15-972, except as provided in section
4 15-972, subsection E. The department of education and the auditor general
5 shall include in the maintenance and operation section of the budget
6 format, as provided in section 15-903, a separate category for the bond
7 issues portion of the cost of tuition.~~

8 ~~N.~~ M. The governing board may budget for interest expenses it
9 incurred for registering warrants drawn against a fund of the school
10 district or net interest expense on tax anticipation notes as prescribed
11 in section 35-465.05, subsection C for the fiscal year preceding the
12 current year if the county treasurer pooled all school district monies for
13 investment as provided in section 15-996 for the fiscal year preceding the
14 current year and, in those school districts that receive state aid, the
15 school districts applied for an apportionment of state aid before the date
16 set for the apportionment as provided in section 15-973 for the fiscal
17 year preceding the current year. The governing board may budget an amount
18 for interest expenses for registering warrants or issuing tax anticipation
19 notes equal to or less than the amount of the warrant interest expense or
20 net interest expense on tax anticipation notes as prescribed in section
21 35-465.05, subsection C for the fiscal year preceding the current year as
22 provided in this subsection that is specifically exempt from the revenue
23 control limit. For the purposes of this subsection, "state aid" means
24 state aid as determined in sections 15-971 and 15-972.

25 Sec. 4. Section 15-943.01, Arizona Revised Statutes, is amended to
26 read:

27 15-943.01. Maintenance and operation budget balance; definition

28 A. The governing board of a school district may budget any budget
29 balance in the maintenance and operation section of the budget, as
30 provided in section 15-903, from the current fiscal year for use in the
31 maintenance and operation section of the budget in the budget year. The
32 amount that may be budgeted as the budget balance carryforward in any one
33 fiscal year shall not include any budget balance attributable to any
34 reduction in the district's general budget limit, including reductions for
35 items that are exempt from the revenue control limit and for which
36 expenditures are limited to a designated purpose such as monies levied
37 pursuant to section 15-910, subsection G ~~or for the bond issues portion of~~
38 ~~the cost of tuition.~~ The amount budgeted as the budget balance
39 carryforward is specifically exempt from the revenue control limit.

40 B. If the actual amount of the allowable budget balance
41 carryforward is less than the amount budgeted for the budget balance
42 carryforward, the governing board shall adjust the general budget limit
43 and expenditures before May 15 based on the actual allowable budget
44 balance carryforward. If the actual amount of the allowable budget
45 balance carryforward is more than the amount budgeted for the budget

1 balance carryforward, the governing board may adjust its budget before May
2 15 based on the actual amount of the allowable fund balance carryforward.
3 Not later than May 18, the budget as revised shall be submitted
4 electronically to the superintendent of public instruction.

5 C. If the governing board is eligible to budget for a budget
6 balance carryforward as provided in subsection A of this section, the
7 governing board may transfer an amount from the district's ending cash
8 balance of the maintenance and operations fund to the school opening
9 fund. The school opening fund is a cash controlled fund as provided in
10 section 15-905, subsection N, and may ~~only~~ be ~~expended~~ SPENT ONLY for the
11 additional maintenance and operations expenses incurred in the first year
12 of operation of a new school within the school district. The monies in
13 the school opening fund are not subject to reversion, except that at the
14 end of five years of no activity in the fund, any remaining monies ~~shall~~
15 ~~be reverted~~ REVERT to the maintenance and operations fund. Any monies so
16 reverted may be considered additional budget balance for that fiscal year.

17 D. If a governing board transfers monies as provided in subsection
18 C of this section, the amount so transferred in a fiscal year shall be
19 subtracted from the amount the district would otherwise be eligible to
20 budget for that fiscal year as provided in subsection A of this
21 section. The difference, if any, is the maximum amount that may be
22 budgeted for that fiscal year as a budget balance carryforward.

23 E. For the purposes of this section, "budget balance" means the
24 difference between actual and budgeted expenditures.

25 Sec. 5. Section 15-947, Arizona Revised Statutes, is amended to
26 read:

27 15-947. Revenue control limit; district support level;
28 general budget limit; unrestricted total capital
29 budget limit; district additional assistance limit

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

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

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

38 1. The maintenance and operations portion of the revenue control
39 limit for the budget year.

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

41 (a) Amounts that are fully funded by revenues other than a levy of
42 taxes ~~upon~~ ON the taxable property within the school district, as listed
43 below:

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

- 1 (ii) Tuition revenues for attendance of nonresident pupils.
2 (iii) State assistance as provided in section 15-976.
3 (iv) Special education revenues as provided in section 15-825,
4 subsection D and section 15-1204.
5 (v) Title VIII of the elementary and secondary education act of
6 1965 assistance determined for children with disabilities, children with
7 specific learning disabilities, children residing on Indian lands and
8 children residing within the boundaries of an accommodation school that is
9 located on a military reservation and that is classified as a heavily
10 impacted local educational agency pursuant to 20 United States Code
11 section 7703 as provided in section 15-905, subsections K and O.
12 (vi) Title VIII of the elementary and secondary education act of
13 1965 administrative costs as provided in section 15-905, subsection P.
14 (vii) State assistance for excess tuition as provided in section
15 15-825.01.
16 (viii) Transportation revenues for attendance of nonresident
17 pupils.
18 (b) Amounts approved pursuant to an override election as provided
19 in section 15-481 for the applicable fiscal year.
20 (c) Amounts authorized by the county school superintendent pursuant
21 to section 15-974, subsection B.
22 (d) Expenditures for complying with a court order of desegregation
23 as provided in section 15-910.
24 ~~(e) Expenditures for the bond issues portion of the cost of tuition~~
25 ~~as provided in section 15-910.~~
26 ~~(f)~~ (e) Interest on registered warrants or tax anticipation notes
27 as provided in section 15-910.
28 ~~(g)~~ (f) Amounts budgeted for a jointly owned and operated career
29 and technical education and vocational education center as provided in
30 section 15-910.01.
31 3. The maintenance and operations portion of district additional
32 assistance for the budget year.
33 4. Any other budget item that is budgeted in the maintenance and
34 operation section of the budget and that is specifically exempt from the
35 revenue control limit or district additional assistance.
36 D. The unrestricted capital budget limit, for each school district
37 for each fiscal year, is the sum of the following:
38 1. The federal impact adjustment as determined in section 15-964
39 for the budget year.
40 2. Any other budget item that is budgeted in the capital outlay
41 section of the budget and that is specifically exempt from district
42 additional assistance.
43 3. The unrestricted capital portion of the amounts contained in
44 subsection C of this section.

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

3 5. The net interest earned in the unrestricted capital outlay fund
4 FROM the previous fiscal year.

5 Sec. 6. Section 15-951, Arizona Revised Statutes, is amended to
6 read:

7 15-951. District additional assistance, district support
8 level and student count for a common school
9 district not within a high school district

10 A. Notwithstanding section 15-947, the revenue control limit for a
11 common school district not within a high school district is the sum of the
12 following:

13 1. The base revenue control limit computed as prescribed in section
14 15-944 but excluding pupils admitted to another school district as
15 provided in section 15-824, subsection A, paragraph 2.

16 2. The tuition payable for high school pupils who attend school in
17 another school district as provided in section 15-824, subsection A,
18 paragraph 2, including any transportation charge, except as provided in
19 subsection F of this section.

20 3. The transportation revenue control limit for all pupils who
21 reside in the district except those high school pupils transported by
22 another district.

23 B. Notwithstanding subsection A of this section, for the purposes
24 of sections 15-481, 15-482 and 15-1102, the revenue control limit for a
25 common school district not within a high school district is the sum of the
26 following:

27 1. The base revenue control limit for pupils computed as prescribed
28 in section 15-944 but excluding pupils admitted to another school district
29 as provided in section 15-824, subsection A, paragraph 2.

30 2. The transportation revenue control limit for all pupils who
31 reside in the district except those high school pupils transported by
32 another district.

33 C. Notwithstanding section 15-961, district additional assistance
34 for a common school district not within a high school district is district
35 additional assistance as prescribed in section 15-961 but excluding pupils
36 who are admitted to another school district as provided in section 15-824,
37 subsection A, paragraph 2, except that if the school district transports
38 high school pupils, the district additional assistance amount prescribed
39 in section 15-961 shall be increased by an amount equal to fifty percent
40 of the district additional assistance per pupil amount prescribed for the
41 school district pursuant to section 15-961 multiplied by the number of
42 high school pupils transported.

1 D. Notwithstanding section 15-947, the district support level for a
2 common school district not within a high school district is the sum of the
3 following:

4 1. The base support level computed as prescribed in section 15-943
5 but excluding pupils who are admitted to another school district as
6 provided in section 15-824, subsection A, paragraph 2.

7 2. The tuition payable for high school pupils who are admitted to
8 another school district as provided in section 15-824, subsection A,
9 paragraph 2, including any transportation charge, except as provided in
10 subsection F of this section.

11 3. The transportation support level for all pupils who reside in
12 the school district except those high school pupils transported by another
13 school district.

14 E. For the purpose of determining eligibility to increase the
15 revenue control limit and district support level, the student count for a
16 common school district not within a high school district is the student
17 count for pupils in kindergarten programs and grades one through twelve,
18 including pupils enrolled in another school district as provided in
19 section 15-824, subsection A, paragraph 2.

20 F. The tuition amount in subsections A and D of this section shall
21 not include amounts per student count for bond issues as prescribed by
22 section 15-824, subsection G, paragraph 1, subdivision (c) in excess of
23 the following:

24 1. \$150 if the pupil's school district of residence pays tuition
25 for seven hundred fifty or fewer pupils to other school districts.

26 2. \$200 if the pupil's school district of residence pays tuition
27 for one thousand or fewer, but more than seven hundred fifty pupils to
28 other school districts.

29 3. The actual cost per student count if the pupil's school district
30 of residence pays tuition for more than one thousand pupils to other
31 school districts.

32 G. A common school district that is not within the boundaries of a
33 high school district and that was authorized by the qualified electors to
34 establish a unified school district with boundaries coterminous with the
35 boundaries of the common school district may continue calculating its
36 budget and equalization assistance pursuant to this section ~~for fifteen~~
37 ~~years after the election or~~ until a high school is built, ~~whichever occurs~~
38 ~~first~~.

39 H. A newly formed unified school district that meets the
40 requirements of subsection G of this section and that phases in
41 instruction for pupils in grades nine through twelve may continue
42 calculating its budget and equalization assistance pursuant to this
43 section for a maximum of five years after the first year of the operation
44 of the new high school in the newly formed unified school district.

1 I. Notwithstanding any other law, a school district may
2 retroactively adjust its budget for fiscal year 2020-2021 OR 2021-2022
3 pursuant to subsection G or H of this section but may not retroactively
4 adjust its budget for any other fiscal year pursuant to subsection G or H
5 of this section.

6 Sec. 7. Delayed repeal

7 Section 15-951, Arizona Revised Statutes, as amended by this act, is
8 repealed from and after June 30, 2023.

9 Sec. 8. Section 15-961, Arizona Revised Statutes, is amended to
10 read:

11 15-961. District additional assistance; growth rate

12 A. District additional assistance per student count is established
13 as follows:

14 1. For school districts with a student count of less than one
15 hundred for kindergarten programs and grades one through eight, ~~five~~
16 ~~hundred forty-four dollars fifty-eight cents~~ \$544.58. For school
17 districts with a student count of one hundred or more and less than six
18 hundred for kindergarten programs and grades one through eight, multiply
19 ~~three hundred eighty-nine dollars twenty-five cents~~ \$389.25 by the weight
20 that corresponds to the student count for kindergarten programs and grades
21 one through eight for the school district as provided in section 15-943,
22 paragraph 1, subdivision (a), column 3. For a school district with a
23 student count of six hundred or more in kindergarten programs and grades
24 one through eight, the limit is ~~four hundred fifty dollars seventy-six~~
25 ~~cents~~ \$450.76.

26 2. For school districts with a student count of less than one
27 hundred for grades nine through twelve, ~~six hundred one dollars~~
28 ~~twenty-four cents~~ \$601.24. For school districts with a student count of
29 one hundred or more and less than six hundred for grades nine through
30 twelve, multiply ~~four hundred five dollars fifty-nine cents~~ \$405.59 by the
31 weight that corresponds to the student count for grades nine through
32 twelve for the school district as provided in section 15-943, paragraph 1,
33 subdivision (b), column 3. For a school district with a student count of
34 six hundred or more in grades nine through twelve, the limit is ~~four~~
35 ~~hundred ninety-two dollars ninety-four cents~~ \$492.94.

36 3. For programs for preschool children with disabilities, ~~four~~
37 ~~hundred fifty dollars seventy-six cents~~ \$450.76.

38 B. District additional assistance for a school district shall be
39 computed as follows:

40 1. Select the applicable district additional assistance per student
41 count for the school district.

42 2. Multiply the amount or amounts selected in paragraph 1 of this
43 subsection by the appropriate student count of the school district.

44 3. If a school district's student count used for the budget year is
45 greater than one hundred five percent of the student count used for the

1 current year's budget, increase the adjusted district additional
2 assistance determined in paragraph 2 of this subsection by fifty percent
3 of the actual percentage increase in the school district's student count.

4 C. An amount for the purchase of required textbooks and related
5 printed subject matter materials shall be used to increase the district
6 additional assistance for a school district as determined in subsection B,
7 paragraph 2 or 3 of this section, whichever is applicable. This amount
8 shall equal the student count in grades nine through twelve multiplied by
9 ~~sixty nine dollars sixty eight cents~~ \$69.68.

10 D. NOTWITHSTANDING SUBSECTIONS A, B AND C OF THIS SECTION, DISTRICT
11 ADDITIONAL ASSISTANCE FOR A COMMON SCHOOL DISTRICT THAT IS NOT WITHIN A
12 HIGH SCHOOL DISTRICT OR FOR A TRANSPORTING SCHOOL DISTRICT IS DISTRICT
13 ADDITIONAL ASSISTANCE AS PRESCRIBED IN THIS SECTION BUT EXCLUDING PUPILS
14 WHO ARE ADMITTED TO ANOTHER SCHOOL DISTRICT AS PROVIDED IN SECTION 15-824,
15 SUBSECTION A, PARAGRAPH 2 OR 3, EXCEPT THAT IF THE SCHOOL DISTRICT
16 TRANSPORTS HIGH SCHOOL PUPILS, THE DISTRICT ADDITIONAL ASSISTANCE AMOUNT
17 PRESCRIBED IN THIS SECTION SHALL BE INCREASED BY AN AMOUNT EQUAL TO FIFTY
18 PERCENT OF THE DISTRICT ADDITIONAL ASSISTANCE PER PUPIL AMOUNT PRESCRIBED
19 FOR THE SCHOOL DISTRICT PURSUANT TO THIS SECTION MULTIPLIED BY THE NUMBER
20 OF HIGH SCHOOL PUPILS TRANSPORTED.

21 Sec. 9. Section 15-971, Arizona Revised Statutes, is amended to
22 read:

23 15-971. Determination of equalization assistance payments
24 from county and state funds for school districts

25 A. Equalization assistance for education is computed by determining
26 the total of the following:

27 1. The lesser of a school district's revenue control limit or
28 district support level as determined in section 15-947 ~~or 15-951~~.

29 2. District additional assistance of a school district as
30 determined in section ~~15-951 or~~ 15-961.

31 B. From the total of the amounts determined in subsection A of this
32 section subtract:

33 1. The amount that would be produced by levying the applicable
34 qualifying tax rate determined pursuant to section 41-1276 for a high
35 school district or a common school district within a high school district
36 that does not offer instruction in high school subjects as provided in
37 section 15-447.

38 2. The amount that would be produced by levying the applicable
39 qualifying tax rate determined pursuant to section 41-1276 for a unified
40 school district, a common school district not within a high school
41 district or a common school district within a high school district that
42 offers instruction in high school subjects as provided in section 15-447.
43 The qualifying tax rate shall be applied in the following manner:

44 (a) For the purposes of the amount determined in subsection A,
45 paragraph 1 of this section:

1 (i) Determine separately the percentage that the weighted student
2 count in preschool programs for children with disabilities, kindergarten
3 programs and grades one through eight and the weighted student count in
4 grades nine through twelve is to the weighted student count determined in
5 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

6 (ii) Apply the percentages determined in item (i) of this
7 subdivision to the amount determined in subsection A, paragraph 1 of this
8 section.

9 (b) For the purposes of the amounts determined in subsection A,
10 paragraph 2 of this section, determine separately the amount of the
11 district additional assistance attributable to the student count in
12 preschool programs for children with disabilities, kindergarten programs
13 and grades one through eight and grades nine through twelve.

14 (c) From the amounts determined in subdivisions (a) and (b) of this
15 paragraph, subtract the levy that would be produced by the current
16 qualifying tax rate for a high school district or a common school district
17 within a high school district that does not offer instruction in high
18 school subjects as provided in section 15-447. If the qualifying tax rate
19 generates a levy that is in excess of the total determined in subsection A
20 of this section, the school district ~~shall~~ IS not ~~be~~ eligible for
21 equalization assistance. For the purposes of this subsection, "assessed
22 valuation" includes the values used to determine voluntary contributions
23 collected pursuant to title 9, chapter 4, article 3 and title 48, chapter
24 1, article 8 and the assessed value of all property subject to the
25 government property lease excise tax pursuant to title 42, chapter 6,
26 article 5.

27 3. The amount that would be produced by levying a qualifying tax
28 rate in a career technical education district, which shall be ~~five cents~~
29 ~~\$.05~~ per ~~one hundred dollars~~ \$100 assessed valuation unless the
30 legislature sets a lower rate by law.

31 C. County aid for equalization assistance for education shall be
32 computed as follows:

33 1. Determine the total equalization assistance for all school
34 districts in the county as provided in subsections A and B of this
35 section.

36 2. Determine the total amount of state equalization assistance
37 collected for all school districts in the county as provided in section
38 15-994 AND THE MONIES COLLECTED PURSUANT TO SECTION 15-992, SUBSECTION F.

39 3. Divide the amount determined in paragraph 2 of this subsection
40 by the amount determined in paragraph 1 of this subsection.

41 4. Multiply the amount determined in subsections A and B of this
42 section by the quotient determined in paragraph 3 of this subsection for
43 each school district.

1 5. The amount determined in paragraph 4 of this subsection shall be
2 the county aid for equalization assistance for education for a school
3 district.

4 D. State aid for equalization assistance for education for a school
5 district shall be computed as follows:

6 1. Determine the equalization assistance for education for a school
7 district as provided in subsections A and B of this section.

8 2. For each county, determine the levy that would be produced by
9 the state equalization assistance property tax rate prescribed in section
10 15-994, subsection A.

11 3. Prorate the amount determined in paragraph 2 of this subsection
12 to each school district in the county as prescribed by subsection C of
13 this section.

14 4. Subtract the amount determined in paragraph 3 of this subsection
15 from the amount determined in paragraph 1 of this subsection.

16 E. Equalization assistance for education shall be paid from
17 appropriations for that purpose to the school districts as provided in
18 section 15-973.

19 F. A school district shall report expenditures on approved career
20 and technical education and vocational education programs in the annual
21 financial report according to uniform guidelines prescribed by the uniform
22 system of financial records and in order to facilitate compliance with
23 sections 15-255 and 15-904.

24 G. The additional weight for state aid purposes given to special
25 education as provided in section 15-943 shall be given to school districts
26 only if special education programs comply with chapter 7, article 4 of
27 this title and the conditions and standards prescribed by the
28 superintendent of public instruction pursuant to rules of the state board
29 of education for pupil identification and placement pursuant to sections
30 15-766 and 15-767.

31 H. In addition to state general fund appropriations, all amounts
32 received pursuant to section 37-521, subsection B, paragraph 3, section
33 42-5029, subsection E, paragraph 5 and [SECTION 42-5029.02](#), subsection A,
34 paragraph 5 and from any other source for the purposes of this section are
35 appropriated for state aid to schools as provided in this section.

36 I. The total amount of state monies that may be spent in any fiscal
37 year for state equalization assistance shall not exceed the amount
38 appropriated or authorized by section 35-173 for that purpose. This
39 section does not impose a duty on an officer, agent or employee of this
40 state to discharge a responsibility or create any right in a person or
41 group if the discharge or right would require an expenditure of state
42 monies in excess of the expenditure authorized by legislative
43 appropriation for that specific purpose.

1 Sec. 10. Section 15-974, Arizona Revised Statutes, is amended to
2 read:

3 15-974. Equalization assistance for education for
4 accommodation schools

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

8 B. When an accommodation school has a positive total cash balance
9 at the end of a fiscal year in its maintenance and operation fund, the
10 county school superintendent of the county in which the accommodation
11 school is located may authorize an addition to the accommodation school's
12 revenue control limit as provided in section 15-947, subsection A for the
13 following fiscal year. The county school superintendent may not authorize
14 an addition that exceeds the lesser of the ending cash balance ~~less~~ MINUS
15 the amount budgeted for the budget balance carryforward as provided in
16 section 15-943.01 or ten ~~percent~~ PERCENT of the revenue control limit of
17 the accommodation school and five ~~percent~~ PERCENT of the revenue control
18 limit pursuant to section 15-482, without the necessity of an election
19 pursuant to section 15-481. If an accommodation school has a cash balance
20 in excess of the amount needed to fund the budget balance
21 carryforward, ~~AND~~ the addition authorized pursuant to this subsection ~~and~~
22 ~~the items listed in section 15-947, subsection C, paragraph 2, subdivision~~
23 ~~(e)~~ for the following fiscal year, the remaining cash balance may be used
24 for capital expenditures.

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

31 Sec. 11. Section 15-992, Arizona Revised Statutes, is amended to
32 read:

33 15-992. School district tax levy; additional tax in districts
34 ineligible for equalization assistance; definition

35 A. The board of supervisors of each county, at the time of levying
36 other taxes, shall annually levy school district taxes on the property in
37 any school district in which additional amounts are required, which shall
38 be at rates prescribed in this section. A delinquency factor for
39 estimated uncollected taxes may not be included in the computation of the
40 primary tax rate for school district taxes. Local property taxes may not
41 be levied for any deficit in the classroom site fund. The taxes shall be
42 added to and collected in the same manner as other county taxes on the
43 property within the school district. The amount of the school district
44 taxes levied on the property in a particular school district shall be paid
45 into the school fund of that school district.

1 B. At the same time of levying taxes as provided in subsection A of
2 this section, the county board of supervisors shall annually levy an
3 additional tax in each school district that is not eligible for
4 equalization assistance as provided in section 15-971 in an amount
5 determined as follows:

6 1. Determine the levy that would be produced by fifty percent of
7 the applicable qualifying tax rate, prescribed in section 15-971,
8 subsection B, per ~~one hundred dollars~~ \$100 assessed valuation.

9 2. Subtract the amount determined in section 15-971, subsection A
10 from the levy determined in paragraph 1 of this subsection. This
11 difference is the additional amount levied or collected as voluntary
12 contributions pursuant to title 48, chapter 1, article 8, except that if
13 the difference is zero or is a negative number, there shall be no levy.

14 C. Monies collected pursuant to subsection B of this section shall
15 be transmitted to the state treasurer for deposit in the state general
16 fund to aid in school financial assistance.

17 D. The additional tax prescribed in subsection B of this section is
18 considered to be primary property tax for purposes of section 15-972,
19 subsection B, except that this state is not required to make the payments
20 prescribed in section 15-972, subsection H for these reductions in taxes.

21 E. The tax levy prescribed in subsection A of this section shall be
22 a rate equal to the applicable qualifying tax rate or rates as prescribed
23 in section 15-971, subsection B or a rate that would result in a levy that
24 equals the school district equalization assistance base prescribed in
25 section 15-971 subtracted by any amount received pursuant to section
26 15-905, subsections K, O and P per ~~one hundred dollars~~ \$100 of assessed
27 valuation used for primary property taxes, whichever is less.

28 F. AT THE SAME TIME OF LEVYING TAXES AS PROVIDED IN SUBSECTION A OF
29 THIS SECTION, THE COUNTY BOARD OF SUPERVISORS SHALL ANNUALLY LEVY AN
30 ADDITIONAL TAX IN EACH COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL
31 DISTRICT THAT IS EQUAL TO THE COUNTYWIDE AVERAGE PER PUPIL EQUALIZATION
32 BASE FOR HIGH SCHOOL PUPILS MULTIPLIED BY THE NUMBER OF RESIDENT HIGH
33 SCHOOL PUPILS IN THE COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL
34 DISTRICT DURING THE PRIOR SCHOOL YEAR. THE MONIES COLLECTED PURSUANT TO
35 THIS SUBSECTION SHALL BE ADDED TO COUNTY AID FOR EQUALIZATION ASSISTANCE
36 FOR EDUCATION PURSUANT TO SECTION 15-971, SUBSECTION C. ON OR BEFORE JULY
37 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL PROVIDE EACH COUNTY
38 BOARD OF SUPERVISORS WITH THE COUNTYWIDE AVERAGE PER PUPIL EQUALIZATION
39 BASE FOR HIGH SCHOOL PUPILS, THE NUMBER OF RESIDENT HIGH SCHOOL PUPILS IN
40 THE COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT DURING THE
41 PRIOR SCHOOL YEAR AND ANY OTHER INFORMATION REQUESTED BY THE COUNTY BOARD
42 OF SUPERVISORS FOR THE PURPOSES OF LEVYING THE TAX PRESCRIBED IN THIS
43 SUBSECTION.

1 ~~F.~~ G. At the time of levying taxes as provided in subsection E of
2 this section, the county school superintendent shall annually validate any
3 additional primary school district tax levy amount requests from each
4 school district and levy the sum of the following amounts:

5 1. A rate that would result in a levy that equals the difference
6 between the transportation revenue control limit as determined in section
7 15-946 and the transportation support level as determined in section
8 15-945 or a lesser amount.

9 2. A rate that would result in a levy that equals any amount
10 pursuant to section 15-910.

11 3. A rate that would result in a levy that equals any amount for
12 tuition loss as determined in section 15-954.

13 4. A rate that would result in a levy that equals any amount for
14 the small school adjustment as determined in section 15-949.

15 5. A rate that would result in a levy that equals any amount for
16 liabilities in excess of the school district budget pursuant to section
17 15-907.

18 6. A rate that would result in a levy that equals any amount for
19 adjacent ways pursuant to section 15-995.

20 7. A rate that would result in a levy that equals the amount not
21 captured by the qualifying tax rate as a result of property subject to the
22 government property lease excise tax pursuant to title 42, chapter 6,
23 article 5 as calculated in section 15-971, subsection B, paragraph 2.

24 8. Following the recommendation of the county school superintendent
25 and on approval by the county board of supervisors, for a school district
26 that is not eligible for state aid, a rate that would result in a levy
27 that equals any legal amount not levied in the current year as a result of
28 underestimated average daily membership in the current year or as a result
29 of a judgment in accordance with section 42-16213.

30 9. A rate that would result in a levy that equals any amount
31 pursuant to a qualifying dropout prevention program that was originally
32 established by law in 1987.

33 10. On the recommendation of the county school superintendent and
34 on approval by the county board of supervisors before adoption of tax
35 rates pursuant to section 42-17151, a rate that would result in a levy
36 that equals any separately stated cash deficit from the prior fiscal year
37 resulting from an anticipated or actual deviation in the property tax
38 roll, including resolutions or judgments pursuant to title 42, chapter 16,
39 articles 5 and 6.

40 ~~G.~~ H. For the purposes of this section, "assessed valuation"
41 includes the values used to determine voluntary contributions collected
42 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1,
43 article 8.

1 Sec. 12. Extraordinary special education needs fund;
2 department of education; grants

3 Notwithstanding section 15-774, Arizona Revised Statutes, in fiscal
4 years 2023-2024, 2024-2025 and 2025-2026, the department of education
5 shall accept and review requests for grant monies from the extraordinary
6 special education needs fund established by section 15-774, Arizona
7 Revised Statutes, by school districts that offer high school services and
8 that demonstrate a substantial and negative financial impact associated
9 with accepting students with special education needs who previously had
10 been paid through tuition and now are accepted via open enrollment. The
11 department of education shall award grant monies to school districts that
12 satisfy the requirements of this section.

13 Sec. 13. Effective date

14 Except for section 15-951, Arizona Revised Statutes, as amended by
15 this act, this act is effective from and after June 30, 2023.

APPROVED BY THE GOVERNOR JUNE 8, 2022.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 8, 2022.