

House Engrossed

common school districts; tuition; elimination

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

# HOUSE BILL 2124

AN ACT

AMENDING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2020, CHAPTER 14, SECTION 2; AMENDING SECTIONS 15-823, 15-824, 15-825, 15-910, 15-947 AND 15-951, ARIZONA REVISED STATUTES; AMENDING SECTION 15-951, AS AMENDED BY THIS ACT; AMENDING SECTIONS 15-971 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.

43 4. A business whose assessed valuation is the average of the  
44 assessed valuation of property classified as class one, as prescribed by

1 section 42-12001, paragraphs 12 and 13 for the current year in the school  
2 district.

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

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

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

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

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

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

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

1 unified school district may budget for unification assistance pursuant to  
2 section 15-912.01.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 2. Multiply the amount determined in paragraph 1 of this subsection  
25 by six hundred.

26 3. Multiply the amount determined in paragraph 2 of this subsection  
27 by 0.80.

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

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

36 Sec. 2. Section 15-823, Arizona Revised Statutes, is amended to  
37 read:

38 15-823. Admission; residents of other school districts;  
39 nonresidents of this state; tuition

40 A. Except as provided in subsections B, C, D, E, F, G and H of this  
41 section, children of nonresidents of this state may be admitted on payment  
42 of a reasonable tuition fixed by the governing board.

43 B. The governing board shall admit children of nonresident teaching  
44 and research faculty of community college districts and state universities

1 and children of nonresident graduate or undergraduate students of  
2 community college districts and state universities whose parent's presence  
3 at the district or university is of international, national, state or  
4 local benefit without payment of tuition.

5 C. The governing board shall admit children who are residents of  
6 the United States but who are nonresidents of this state without payment  
7 of tuition if evidence indicates that the child's physical, mental, moral  
8 or emotional health is best served by placement with a grandparent,  
9 brother, sister, stepbrother, stepsister, aunt or uncle who is a resident  
10 within the school district, unless the governing board determines that the  
11 placement is solely for the purpose of obtaining an education in this  
12 state without payment of tuition.

13 D. The governing board may admit nonresident foreign students who  
14 are in exchange programs without payment of tuition or as it may otherwise  
15 prescribe.

16 E. Notwithstanding subsection D of this section, ~~beginning in the~~  
17 ~~2016-2017 school year~~ the governing board may admit the same number of  
18 nonresident foreign students who are in exchange programs and who are  
19 recipients of a J-1 visa pursuant to federal law, that is equal to the  
20 number of resident students enrolled in that local education agency who  
21 are currently participating in a foreign exchange program, as determined  
22 by the department, without the payment of tuition.

23 F. The governing board may admit children who are residents of the  
24 United States without payment of tuition if evidence indicates that  
25 because the parents are homeless or the child is abandoned, as defined in  
26 section 8-201, the child's physical, mental, moral or emotional health is  
27 best served by placement with a person who does not have legal custody of  
28 the child and who is a resident within the school district, unless the  
29 governing board determines that the placement is solely for the purpose of  
30 obtaining an education in this state without payment of tuition.

31 G. The governing board may admit children who are residents of the  
32 United States, but who are nonresidents of this state, without payment of  
33 tuition if all of the following conditions exist:

34 1. The child is a member of a federally recognized Indian tribe.  
35 2. The child resides on Indian lands that are under the  
36 jurisdiction of the tribe of which the child is a member.

37 3. The area in the boundaries of the reservation where the child  
38 resides is located both in this state and in another state of the United  
39 States.

40 4. The governing board enters into an intergovernmental agreement  
41 with the governing board of the school district in another state in which  
42 the nonresident child resides. The intergovernmental agreement shall  
43 specify the number of nonresident children admitted in this state and the

1 number of resident children that are admitted by the governing board in  
2 another state.

3 H. The governing board may admit children who are residents of the  
4 United States, but who are nonresidents of this state, without payment of  
5 tuition if all of the following conditions exist:

6 1. The child is enrolled in a year-round residential boarding  
7 academy located in this state specializing in intensive instruction and  
8 skill development in sports, music or acting.

9 2. The child's parents have executed a current notarized  
10 guardianship agreement covering the child while enrolled at the academy,  
11 which is a condition of enrollment at the academy and authorizes academy  
12 representatives to act on behalf of the child's parent or legal guardian  
13 in making all decisions on a daily basis as to the child's activities and  
14 needs for medical, educational and other personal issues.

15 I. The governing board shall charge reasonable tuition for the  
16 number of nonresident pupils who reside in another state and who are  
17 admitted by a governing board in this state pursuant to subsection G of  
18 this section that exceeds the number of resident pupils from this state  
19 who are admitted into a school district by the other state.

20 J. The governing board of a school district shall pay reasonable  
21 tuition for the number of resident pupils who reside in that school  
22 district and who are admitted by a school district in another state  
23 pursuant to subsection G of this section that exceeds the number of  
24 nonresident pupils from that other state who are admitted by the governing  
25 board into that school district in this state.

26 ~~K. Children admitted under this section shall be counted or not~~  
27 ~~counted as resident pupils as prescribed in section 15-824, subsection D.~~

28 ~~t.~~ K. Except as provided in subsections E, AND H and ~~K~~ of this  
29 section, a school district or a charter school shall not include pupils  
30 who are not residents of this state in the district's or charter school's  
31 student count and shall not obtain state funding for those pupils.

32 Sec. 3. Section 15-824, Arizona Revised Statutes, is amended to  
33 read:

34 15-824. Admission of pupils of other school districts;  
35 homeless children; tuition charges; definitions

36 A. The governing board of a school district shall admit pupils from  
37 another school district or area ~~as follows:~~

38 ~~1.~~ on the presentation of a certificate of educational convenience  
39 issued by the county school superintendent pursuant to section 15-825.

40 ~~2. For three hundred fifty or fewer pupils, to a high school~~  
41 ~~without the presentation of such a certificate, if the pupil is a resident~~  
42 ~~of a common school district within this state that is not within a high~~  
43 ~~school district and that does not offer instruction in the pupil's grade.~~  
44 ~~The three hundred fifty or fewer pupil limitation prescribed in this~~



~~paragraph does not apply to a small isolated school district as defined in section 15-901. Tuition shall be charged as prescribed in subsection E of this section for each pupil admitted pursuant to this paragraph, each pupil from a school district that provides only financing for pupils who are instructed by another school district and each pupil from a unified district that does not offer instruction in the pupil's grade. The school membership of such pupils is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of the pupil's residence.~~

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

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

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

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

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

D. The school enrollment of a pupil who is a resident of this state or who is admitted to a school district under section 15-823, subsection B, C, E, F or H is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of actual attendance, except as provided in section 15-825, subsection A, paragraph 1 ~~and subsection A, paragraph 2 of this section~~ and except for pupils for whom the superintendent of public instruction is charged tuition pursuant to section 15-825, subsections B and D and section 15-976 or for whom another school district is charged tuition as provided in subsections E and G of this section.

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

~~1. The number of high school pupils for which tuition may be charged to a common school district that is not within a high school district is equal to the average daily membership in the district of attendance from the common school district for the prior fiscal year, except that for the first year in which a common school district not within a high school district stops teaching high school subjects, the district of attendance may charge tuition for the number of pupils that is~~

~~equal to the average daily membership for high school pupils in the common school district for the prior fiscal year. This number may be adjusted if the common school district increases its revenue control limit and district support level.~~

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

~~3.~~ 2. Notwithstanding paragraph ~~2~~ 1 of this subsection and subsection G of this section, if two school districts enter into a voluntary agreement for the payment of tuition, the agreement shall specify the method for computing the tuition amount and the timing of the payments. The agreement shall not be longer than five consecutive years. If two school districts enter into an agreement and choose to renew the agreement, each renewal shall not be longer than five consecutive years. The agreement shall specify that a parent or legal guardian of a pupil affected by a tuition agreement entered pursuant to this section or section 15-816.01 may choose not to send the pupil or pupils to a school district or school that is a party to the agreement.

~~4.~~ 3. Tuition of pupils as provided in section 15-825, subsection D shall not exceed the excess costs for group B children with disabilities minus the amount generated by the equalization base as determined in section 15-971, subsection A for these pupils. A school district may submit to the superintendent of public instruction a record of actual excess costs to educate a group B child with a disability if the costs are higher than the calculated excess costs or if a pupil has been placed in a private school for special education services. The superintendent shall determine if the additional costs will be paid, and if the costs are paid,

1 whether the additional costs will be paid by the state or the resident  
2 district.

3 ~~5.~~ 4. The amount received representing contributions to capital  
4 outlay as provided in subsection G, paragraph 1, subdivision (b) of this  
5 section shall be applied to the capital outlay fund or the debt service  
6 fund of the school district.

7 ~~6.~~ 5. The amount received representing contributions to debt  
8 service as provided in subsection G, paragraph 1, subdivisions (c) and (d)  
9 of this section shall be applied to the debt service fund of the school  
10 district if there is one. Otherwise the amount shall be credited to the  
11 capital outlay fund of the school district.

12 F. A school district may submit to the superintendent of public  
13 instruction a record of actual costs paid by the school district to  
14 educate a pupil who qualifies for a certificate of educational convenience  
15 under section 15-825, subsection B. If the actual costs for that pupil  
16 exceed the costs per student count computed pursuant to subsection G of  
17 this section, the superintendent of public instruction shall reimburse the  
18 school district for these additional costs subject to legislative  
19 appropriation.

20 G. For the purposes of this section:

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

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

29 (b) The actual school district expenditures for the capital outlay  
30 section of the budget as provided in sections 15-903 and 15-905 excluding  
31 expenditures for transportation equipment and buildings if no  
32 transportation is provided and expenditures for the acquisition of  
33 building sites, divided by the school district's student count for the  
34 common or high school portion of the school district, whichever is  
35 applicable.

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

39 (d) The result obtained in subdivision (c) of this paragraph shall  
40 not exceed:

41 (i) ~~Seven hundred fifty dollars~~ \$750 if the pupil's school district  
42 of residence pays tuition for seven hundred fifty or fewer pupils to other  
43 school districts or ~~one hundred fifty dollars~~ \$150 if the state pays

1 tuition for seven hundred fifty or fewer pupils to a school district  
2 pursuant to section 15-825, subsection D or section 15-976.

3 (ii) ~~Eight hundred dollars~~ \$800 if the pupil's school district of  
4 residence pays tuition for one thousand or fewer, but more than seven  
5 hundred fifty, pupils to other school districts or ~~two hundred dollars~~  
6 \$200 if the state pays tuition for one thousand or fewer, but more than  
7 seven hundred fifty, pupils to a school district pursuant to section  
8 15-825, subsection D or section 15-976.

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

12 2. "Legal custody" means:

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

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

19 Sec. 4. Section 15-825, Arizona Revised Statutes, is amended to  
20 read:

21 15-825. Certificate of educational convenience; issuance;  
22 effect on enrollment records

23 A. A pupil who is precluded by distance or lack of adequate  
24 transportation facilities from attending a school in the school district  
25 or county of the pupil's residence or who resides in unorganized territory  
26 may apply to the county school superintendent for a certificate of  
27 educational convenience. If it appears to the county school  
28 superintendent that it is not feasible for the pupil to attend a school in  
29 the school district or county of residence, the county school  
30 superintendent shall issue a certificate authorizing the pupil to attend a  
31 school in an adjoining school district or county, whether within or  
32 without this state. If a certificate of educational convenience is issued  
33 as provided in this subsection, the school enrollment of a pupil is as  
34 follows:

35 1. The school enrollment of a pupil who is precluded from attending  
36 a school in this state and who must attend school in another state, when  
37 certified to the county school superintendent by the official in charge of  
38 the school attended, is deemed for the purpose of determining student  
39 count to be enrollment in the school of the county or school district of  
40 the student's residence.

41 2. The school enrollment of a pupil from unorganized territory or  
42 from another school district is deemed for the purpose of determining  
43 student count to be enrollment in the school district of actual  
44 attendance.

1           B. The county school superintendent of any county in which a pupil  
2 is placed as described in this subsection shall issue a certificate of  
3 educational convenience for the pupil to attend school in the school  
4 district or adjoining school district to that in which the pupil is placed  
5 by an agency of this state or a state or federal court of competent  
6 jurisdiction in one of the following:

7           1. A state rehabilitation or corrective institution.

8           2. A foster home or child care agency or institution ~~which~~ THAT is  
9 licensed and supervised by the department of child safety or the  
10 department of health services.

11           3. A residential facility THAT IS operated or supported by the  
12 department of economic security or the department of health services.

13           4. Under the supervision of the department of juvenile corrections,  
14 ~~in~~ a residence pursuant to the interstate compact on juveniles.  
15 Notwithstanding section 41-1959, the placing agency, department or  
16 institution shall provide the school district of attendance with the  
17 necessary information to enable the district to obtain a certificate of  
18 educational convenience pursuant to this subsection.

19           C. A pupil attending school under a certificate of educational  
20 convenience issued pursuant to subsection B of this section is deemed for  
21 the purpose of determining student count to be enrolled in the school  
22 district of attendance. The county school superintendent of any county  
23 shall not issue a certificate of educational convenience as provided in  
24 subsection B of this section if the pupil is placed in the same district  
25 of the pupil's parents' or legal guardians' residence or if the pupil is  
26 placed without a court order and the pupil's parents or legal guardians  
27 are not residents of this state.

28           D. If a certificate of educational convenience is issued as  
29 provided in subsection B of this section, or for a pupil whose parent or  
30 guardian is employed and domiciled by a state institution as prescribed by  
31 section 15-976, tuition may be charged as follows:

32           1. For group B children with disabilities:

33           (a) Who are from unorganized territory, whose parent or guardian is  
34 employed by a state institution as prescribed by section 15-976 or who  
35 have been issued a certificate of educational convenience pursuant to  
36 subsection B of this section, the superintendent of public instruction  
37 shall reimburse the district of attendance for the excess costs as  
38 provided in section 15-824, subsection E, paragraph ~~4~~ 3.

39           (b) Who are from another school district, the school district of  
40 residence shall reimburse the district of attendance for the excess costs  
41 as provided in section 15-824, subsection E, paragraph ~~4~~ 3.

42           2. For pupils who are precluded from attending a school in this  
43 state and who must attend a school in another state:

1 (a) If the pupil resides in a school district in this state, the  
2 district of residence shall pay the amount charged by the district of  
3 attendance.

4 (b) If the pupil resides in unorganized territory, the  
5 superintendent of public instruction shall pay the amount charged by the  
6 district of attendance.

7 E. The county school superintendent who issues a certificate of  
8 educational convenience shall notify the superintendent of public  
9 instruction of the issuance of the certificate. The superintendent of  
10 public instruction shall draw a warrant in favor of the school district of  
11 actual attendance for the amount charged, whether for common or high  
12 school attendance, as provided in section 15-824.

13 F. The total amount of state monies that may be spent in any fiscal  
14 year by the superintendent of public instruction for certificates of  
15 educational convenience shall not exceed the amount appropriated or  
16 authorized by section 35-173 for that purpose. This section does not  
17 impose a duty on an officer, agent or employee of this state to discharge  
18 a responsibility or ~~to~~ create any right in a person or group if the  
19 discharge or right would require an expenditure of state monies in excess  
20 of the expenditure authorized by legislative appropriation for that  
21 specific purpose.

22 Sec. 5. Section 15-910, Arizona Revised Statutes, is amended to  
23 read:

24 15-910. School district budgets; excess utility costs;  
25 desegregation costs; tuition costs for bond issues;  
26 costs for registering warrants; report

27 A. The governing board may budget for the district's excess utility  
28 costs that are specifically exempt from the district's revenue control  
29 limit. If approved by the qualified electors voting at a statewide  
30 general election, the exemption from the revenue control limit under this  
31 subsection expires at the end of the 2008-2009 budget year. The uniform  
32 system of financial records shall specify expenditure items allowable as  
33 excess utility costs, which are limited to direct operational costs of  
34 heating, cooling, water and electricity, telephone communications and  
35 sanitation fees. The department of education and the auditor general  
36 shall include in the maintenance and operation section of the budget  
37 format, as provided in section 15-903, a separate line for utility  
38 expenditures and a special excess utility cost category. The special  
39 excess utility cost category shall contain budgeted expenditures for  
40 excess utility costs, determined as follows:

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

43 2. Multiply the amount in paragraph 1 of this subsection by the  
44 total percentage increase or decrease in the revenue control limit and the

1 capital outlay revenue limit for the budget year over the revenue control  
2 limit and the capital outlay revenue limit for fiscal year 1984-1985  
3 excluding monies available from a teacher compensation program provided  
4 for in section 15-952.

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

7 4. Additional expenditures for utilities are budgeted in the excess  
8 utility cost category.

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

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

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

21 E. If the revised excess utility cost category results in an  
22 expenditure of monies in excess of school district revenues for the  
23 current year, the county school superintendent shall include within the  
24 revenue estimate for the budget year monies necessary to meet the  
25 liabilities incurred by the school district in the current year in excess  
26 of revenues received for the current year.

27 F. If a school district receives a refund of utility expenditures  
28 or a rebate on energy saving devices or services, the refund or rebate  
29 shall be applied against utility expenditures for the current year as a  
30 reduction of the expenditures, except that the reduction of expenditures  
31 shall not exceed the amount of actual utility expenditures.

32 G. The governing board may budget for expenses of complying with or  
33 continuing to implement activities that were required or permitted by a  
34 court order of desegregation or administrative agreement with the United  
35 States department of education office for civil rights directed toward  
36 remediating alleged or proven racial discrimination that are specifically  
37 exempt in whole or in part from the revenue control limit and district  
38 additional assistance. This exemption applies only to expenses incurred  
39 for activities that are begun before the termination of the court order or  
40 administrative agreement. If a district is levying a property tax on  
41 February 23, 2006 and using those monies to administer an English language  
42 learner program to remedy alleged or proven discrimination under title VI  
43 of the civil rights act of 1964 (42 United States Code section 2000d), the  
44 district may spend those monies to remedy a violation of the equal

1 educational opportunities act of 1974 (20 United States Code section  
2 1703(f)). Nothing in this subsection allows a school district to levy a  
3 property tax for violations of the equal educational opportunities act of  
4 1974 (20 United States Code section 1703(f)) in the absence of an alleged  
5 or proven discrimination under title VI of the civil rights act of 1964  
6 (42 United States Code section 2000d).

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

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

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

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

21 I. If a governing board chooses to budget monies outside of  
22 district additional assistance as provided in subsection G of this  
23 section, the governing board may notify the county school superintendent  
24 to include the cost of the excess expenses in the county school  
25 superintendent's estimate of the additional amount needed for the school  
26 district from the secondary property tax as provided in section 15-991.

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

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

38 2. Shall prepare as a part of the annual financial report a  
39 detailed report of expenditures incurred solely as a result of compliance  
40 with or continuing to implement activities that were required or permitted  
41 by a court order of desegregation or administrative agreement with the  
42 United States department of education office for civil rights directed  
43 toward remediating alleged or proven racial discrimination, in a format



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

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

22 (a) A district-wide budget summary and a budget summary on a  
23 school-by-school basis for each school in the school district that lists  
24 the sources and uses of monies that are designated for desegregation  
25 purposes.

26 (b) A detailed list of desegregation activities on a district-wide  
27 basis and on a school-by-school basis for each school in the school  
28 district.

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

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

35 (e) If applicable, a current and accurate description of all magnet  
36 type programs that are in operation pursuant to the court order during the  
37 current school year on a district-wide basis and on a school-by-school  
38 basis. This information shall contain the eligibility and attendance  
39 criteria of each magnet type program, the capacity of each magnet type  
40 program, the ethnic composition goals of each magnet type program, the  
41 actual attending ethnic composition of each magnet type program and the  
42 specific activities offered in each magnet type program.

- 1 (f) The number of pupils who participate in desegregation  
2 activities on a district-wide basis and on a school-by-school basis for  
3 each school in the school district.
- 4 (g) A detailed summary of the academic achievement of pupils on a  
5 district-wide basis and on a school-by-school basis for each school in the  
6 school district.
- 7 (h) The number of employees, including teachers and administrative  
8 personnel, on a district-wide basis and on a school-by-school basis for  
9 each school in the school district that is necessary to conduct  
10 desegregation activities.
- 11 (i) The number of employees, including teachers and administrative  
12 personnel, on a district-wide basis and on a school-by-school basis for  
13 each school in the school district and the number of employees at school  
14 district administrative offices that are funded in whole or in part with  
15 desegregation monies received pursuant to this section.
- 16 (j) The amount of monies that is not derived through a primary or  
17 secondary property tax levy and that is budgeted and spent on  
18 desegregation activities on a district-wide basis and on a  
19 school-by-school basis for each school in the school district.
- 20 (k) Verification that the desegregation funding will supplement and  
21 not supplant funding for other academic and extracurricular activities.
- 22 (l) Verification that the desegregation funding is educationally  
23 justifiable.
- 24 (m) Any documentation that supports the proposition that the  
25 requested desegregation funding is intended to result in equal education  
26 opportunities for all pupils in the school district.
- 27 (n) Verification that the desegregation funding will be used to  
28 promote systemic and organizational changes within the school district.
- 29 (o) Verification that the desegregation funding will be used in  
30 accordance with the academic standards adopted by the state board of  
31 education pursuant to sections 15-701 and 15-701.01.
- 32 (p) Verification that the desegregation funding will be used to  
33 accomplish specific actions to remediate proven discrimination pursuant to  
34 title VI of the civil rights act of 1964 (42 United States Code section  
35 2000d) as specified in the court order or administrative agreement.
- 36 (q) An evaluation by the school district of the effectiveness of  
37 the school district's desegregation measures.
- 38 (r) An estimate of when the school district will be in compliance  
39 with the court order or administrative agreement and a detailed account of  
40 the steps that the school district will take to achieve compliance.
- 41 (s) Any other information that the Arizona department of education  
42 deems necessary to carry out the purposes of this paragraph.
- 43 K. If a school district governing board budgets for expenses of  
44 complying with a court order of desegregation or an administrative

1 agreement with the United States department of education office for civil  
2 rights directed toward remediating alleged or proven racial  
3 discrimination, the governing board shall ensure that the desegregation  
4 expenses will:

5 1. Be educationally justifiable.

6 2. Result in equal education opportunities for all pupils in the  
7 school district.

8 3. Be used to promote systemic and organizational changes within  
9 the school district.

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

12 5. Be used to accomplish specific actions to remediate proven  
13 discrimination pursuant to title VI of the civil rights act of 1964  
14 (42 United States Code section 2000d) as specified in the court order or  
15 administrative agreement.

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

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

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

34 M. ~~The governing board may budget for the bond issues portion of~~  
35 ~~the cost of tuition charged the district as provided in section 15-824 for~~  
36 ~~the pupils attending school in another school district, except that if the~~  
37 ~~district is a common school district not within a high school district,~~  
38 ~~the district may only include that part of tuition that is excluded from~~  
39 ~~the revenue control limit and district support level as provided in~~  
40 ~~section 15-951. The bond issues portion of the cost of tuition charged is~~  
41 ~~specifically exempt from the revenue control limit of the school district~~  
42 ~~of residence, and the primary property tax rate set to fund this amount~~  
43 ~~shall not be included in the computation of additional state aid for~~  
44 ~~education as provided in section 15-972, except as provided in section~~

~~15-972, subsection E. The department of education and the auditor general shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate category for the bond issues portion of the cost of tuition.~~

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

Sec. 6. Section 15-947, Arizona Revised Statutes, is amended to read:

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

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

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

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

1. The maintenance and operations portion of the revenue control limit for the budget year, **EXCLUDING THE AMOUNT CALCULATED PURSUANT TO SECTION 15-951, SUBSECTION A, PARAGRAPH 2.**

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

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

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

(ii) Tuition revenues for attendance of nonresident pupils.

- 1 (iii) State assistance as provided in section 15-976.
- 2 (iv) Special education revenues as provided in section 15-825,  
3 subsection D and section 15-1204.
- 4 (v) Title VIII of the elementary and secondary education act of  
5 1965 assistance determined for children with disabilities, children with  
6 specific learning disabilities, children residing on Indian lands and  
7 children residing within the boundaries of an accommodation school that is  
8 located on a military reservation and that is classified as a heavily  
9 impacted local educational agency pursuant to 20 United States Code  
10 section 7703 as provided in section 15-905, subsections K and O.
- 11 (vi) Title VIII of the elementary and secondary education act of  
12 1965 administrative costs as provided in section 15-905, subsection P.
- 13 (vii) State assistance for excess tuition as provided in section  
14 15-825.01.
- 15 (viii) Transportation revenues for attendance of nonresident  
16 pupils.
- 17 (b) Amounts approved pursuant to an override election as provided  
18 in section 15-481 for the applicable fiscal year.
- 19 (c) Amounts authorized by the county school superintendent pursuant  
20 to section 15-974, subsection B.
- 21 (d) Expenditures for complying with a court order of desegregation  
22 as provided in section 15-910.
- 23 (e) Expenditures for the bond issues portion of the cost of tuition  
24 as provided in section 15-910.
- 25 (f) Interest on registered warrants or tax anticipation notes as  
26 provided in section 15-910.
- 27 (g) Amounts budgeted for a jointly owned and operated career and  
28 technical education and vocational education center as provided in section  
29 15-910.01.
- 30 3. The maintenance and operations portion of district additional  
31 assistance for the budget year.
- 32 4. Any other budget item that is budgeted in the maintenance and  
33 operation section of the budget and that is specifically exempt from the  
34 revenue control limit or district additional assistance.
- 35 D. The unrestricted capital budget limit, for each school district  
36 for each fiscal year, is the sum of the following:  
37 1. The federal impact adjustment as determined in section 15-964  
38 for the budget year.  
39 2. Any other budget item that is budgeted in the capital outlay  
40 section of the budget and that is specifically exempt from district  
41 additional assistance.  
42 3. The unrestricted capital portion of the amounts contained in  
43 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. 7. 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. 8. Section 15-951, Arizona Revised Statutes, as amended by  
7 section 7 of this act, is amended to read:

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

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

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

17 2. The ~~tuition payable~~ EQUALIZATION BASE for high school pupils who  
18 attend school in another school district, ~~as provided in section 15-824,~~  
19 ~~subsection A, paragraph 2, including any transportation charge, except as~~  
20 ~~provided in subsection F of this section~~ WHICH SHALL BE DETERMINED BY  
21 MULTIPLYING THE COUNTYWIDE AVERAGE PER PUPIL EQUALIZATION BASE FOR HIGH  
22 SCHOOL PUPILS BY THE NUMBER OF RESIDENT HIGH SCHOOL PUPILS IN THE COMMON  
23 SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT DURING THE PRIOR SCHOOL  
24 YEAR.

25 3. The transportation revenue control limit for all pupils who  
26 reside in the district except those high school pupils transported by  
27 another district.

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

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

35 2. The transportation revenue control limit for all pupils who  
36 reside in the district except those high school pupils transported by  
37 another district.

38 ~~C. Notwithstanding section 15-961, district additional assistance~~  
39 ~~for a common school district not within a high school district is district~~  
40 ~~additional assistance as prescribed in section 15-961 but excluding pupils~~  
41 ~~who are admitted to another school district as provided in section 15-824,~~  
42 ~~subsection A, paragraph 2, except that if the school district transports~~  
43 ~~high school pupils, the district additional assistance amount prescribed~~  
44 ~~in section 15-961 shall be increased by an amount equal to fifty percent~~



1 ~~of the district additional assistance per pupil amount prescribed for the~~  
2 ~~school district pursuant to section 15-961 multiplied by the number of~~  
3 ~~high school pupils transported.~~

4 ~~D.~~ C. Notwithstanding section 15-947, the district support level  
5 for a common school district not within a high school district is the sum  
6 of the following:

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

10 2. The ~~tuition payable~~ EQUALIZATION BASE for high school pupils who  
11 are admitted to another school district, ~~as provided in section 15-824,~~  
12 ~~subsection A, paragraph 2, including any transportation charge, except as~~  
13 ~~provided in subsection F of this section~~ WHICH SHALL BE DETERMINED BY  
14 MULTIPLYING THE COUNTYWIDE AVERAGE PER PUPIL EQUALIZATION BASE FOR HIGH  
15 SCHOOL PUPILS BY THE NUMBER OF RESIDENT HIGH SCHOOL PUPILS IN THE COMMON  
16 SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT DURING THE PRIOR SCHOOL  
17 YEAR.

18 3. The transportation support level for all pupils who reside in  
19 the school district except those high school pupils transported by another  
20 school district.

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

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

31 1. ~~\$150 if the pupil's school district of residence pays tuition~~  
32 ~~for seven hundred fifty or fewer pupils to other school districts.~~

33 2. ~~\$200 if the pupil's school district of residence pays tuition~~  
34 ~~for one thousand or fewer, but more than seven hundred fifty pupils to~~  
35 ~~other school districts.~~

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

39 ~~G. A common school district that is not within the boundaries of a~~  
40 ~~high school district and that was authorized by the qualified electors to~~  
41 ~~establish a unified school district with boundaries coterminous with the~~  
42 ~~boundaries of the common school district may continue calculating its~~  
43 ~~budget and equalization assistance pursuant to this section until a high~~  
44 ~~school is built.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 3. The amount that would be produced by levying a qualifying tax  
20 rate in a career technical education district, which shall be ~~five cents~~  
21 ~~\$.05~~ per ~~one hundred dollars~~ \$100 assessed valuation unless the  
22 legislature sets a lower rate by law.

23 C. County aid for equalization assistance for education shall be  
24 computed as follows:

25 1. Determine the total equalization assistance for all school  
26 districts in the county as provided in subsections A and B of this  
27 section.

28 2. Determine the total amount of state equalization assistance  
29 collected for all school districts in the county as provided in section  
30 15-994 AND THE MONIES COLLECTED PURSUANT TO SECTION 15-992, SUBSECTION F.

31 3. Divide the amount determined in paragraph 2 of this subsection  
32 by the amount determined in paragraph 1 of this subsection.

33 4. Multiply the amount determined in subsections A and B of this  
34 section by the quotient determined in paragraph 3 of this subsection for  
35 each school district.

36 5. The amount determined in paragraph 4 of this subsection shall be  
37 the county aid for equalization assistance for education for a school  
38 district.

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

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

1           2. For each county, determine the levy that would be produced by  
2 the state equalization assistance property tax rate prescribed in section  
3 15-994, subsection A.

4           3. Prorate the amount determined in paragraph 2 of this subsection  
5 to each school district in the county as prescribed by subsection C of  
6 this section.

7           4. Subtract the amount determined in paragraph 3 of this subsection  
8 from the amount determined in paragraph 1 of this subsection.

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

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

17           G. The additional weight for state aid purposes given to special  
18 education as provided in section 15-943 shall be given to school districts  
19 only if special education programs comply with chapter 7, article 4 of  
20 this title and the conditions and standards prescribed by the  
21 superintendent of public instruction pursuant to rules of the state board  
22 of education for pupil identification and placement pursuant to sections  
23 15-766 and 15-767.

24           H. In addition to state general fund appropriations, all amounts  
25 received pursuant to section 37-521, subsection B, paragraph 3, section  
26 42-5029, subsection E, paragraph 5 and SECTION 42-5029.02, subsection A,  
27 paragraph 5 and from any other source for the purposes of this section are  
28 appropriated for state aid to schools as provided in this section.

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

37           Sec. 10. Section 15-992, Arizona Revised Statutes, is amended to  
38 read:

39           15-992. School district tax levy; additional tax in districts  
40                           ineligible for equalization assistance; definition

41           A. The board of supervisors of each county, at the time of levying  
42 other taxes, shall annually levy school district taxes on the property in  
43 any school district in which additional amounts are required, which shall  
44 be at rates prescribed in this section. A delinquency factor for

1 estimated uncollected taxes may not be included in the computation of the  
2 primary tax rate for school district taxes. Local property taxes may not  
3 be levied for any deficit in the classroom site fund. The taxes shall be  
4 added to and collected in the same manner as other county taxes on the  
5 property within the school district. The amount of the school district  
6 taxes levied on the property in a particular school district shall be paid  
7 into the school fund of that school district.

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

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

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

21 C. EXCEPT AS PRESCRIBED IN SUBSECTION F OF THIS SECTION, monies  
22 collected pursuant to subsection B of this section shall be transmitted to  
23 the state treasurer for deposit in the state general fund to aid in school  
24 financial assistance.

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

29 E. The tax levy prescribed in subsection A of this section shall be  
30 a rate equal to the applicable qualifying tax rate or rates as prescribed  
31 in section 15-971, subsection B or a rate that would result in a levy that  
32 equals the school district equalization assistance base prescribed in  
33 section 15-971 subtracted by any amount received pursuant to section  
34 15-905, subsections K, O and P per ~~one hundred dollars~~ \$100 of assessed  
35 valuation used for primary property taxes, whichever is less.

36 F. MONIES COLLECTED PURSUANT TO SECTION 15-951 FOR THE EQUALIZATION  
37 BASE FOR HIGH SCHOOL PUPILS WHO RESIDE IN A COMMON SCHOOL DISTRICT NOT  
38 WITHIN A HIGH SCHOOL DISTRICT AND WHO ATTEND SCHOOL IN ANOTHER SCHOOL  
39 DISTRICT SHALL BE ADDED TO COUNTY AID FOR EQUALIZATION ASSISTANCE PURSUANT  
40 TO SECTION 15-971, SUBSECTION C.

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

1           1. A rate that would result in a levy that equals the difference  
2 between the transportation revenue control limit as determined in section  
3 15-946 and the transportation support level as determined in section  
4 15-945 or a lesser amount.

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

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

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

11           5. A rate that would result in a levy that equals any amount for  
12 liabilities in excess of the school district budget pursuant to section  
13 15-907.

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

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

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

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

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

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

40           Sec. 11. Extraordinary special education needs fund:  
41 department of education; grants

42           Notwithstanding section 15-774, Arizona Revised Statutes, in fiscal  
43 years 2023-2024, 2024-2025 and 2025-2026, the department of education  
44 shall accept and review requests for grant monies from the extraordinary

1 special education needs fund established by section 15-774, Arizona  
2 Revised Statutes, by school districts that offer high school services and  
3 that demonstrate a substantial and negative financial impact associated  
4 with accepting students with special education needs who previously had  
5 been paid through tuition and now are accepted via open enrollment. The  
6 department of education shall award grant monies to school districts that  
7 satisfy the requirements of this section.

8 Sec. 12. Effective date

9 Except for section 15-951, Arizona Revised Statutes, as amended by  
10 section 7 of this act, this act is effective from and after June 30, 2023.