

REFERENCE TITLE: school districts; expenditures; refunds

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

HB 2495

Introduced by
Representative Mesnard

AN ACT

AMENDING SECTION 15-910, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-910, Arizona Revised Statutes, is amended to
3 read:
4 15-910. School district budgets; excess utility costs;
5 desegregation costs; tuition costs for bond issues;
6 costs for registering warrants; report
7 A. The governing board may budget for the district's excess utility
8 costs which are specifically exempt from the district's revenue control
9 limit. If approved by the qualified electors voting at a statewide general
10 election, the exemption from the revenue control limit under this subsection
11 expires at the end of the 2008-2009 budget year. The uniform system of
12 financial records shall specify expenditure items allowable as excess utility
13 costs, which are limited to direct operational costs of heating, cooling,
14 water and electricity, telephone communications and sanitation fees. The
15 department of education and the auditor general shall include in the
16 maintenance and operation section of the budget format, as provided in
17 section 15-903, a separate line for utility expenditures and a special excess
18 utility cost category. The special excess utility cost category shall
19 contain budgeted expenditures for excess utility costs, determined as
20 follows:
21 1. Determine the lesser of the total budgeted or total actual utility
22 expenditures for fiscal year 1984-1985.
23 2. Multiply the amount in paragraph 1 of this subsection by the total
24 percentage increase or decrease in the revenue control limit and the capital
25 outlay revenue limit for the budget year over the revenue control limit and
26 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
27 available from a career ladder program or a teacher compensation program
28 provided for in section 15-952.
29 3. The sum of the amounts in paragraphs 1 and 2 of this subsection is
30 the amount budgeted in the utility expenditure line.
31 4. Additional expenditures for utilities are budgeted in the excess
32 utility cost category.
33 B. The governing board shall apply the same percentage increase or
34 decrease allowed in the revenue control limit and the capital outlay revenue
35 limit as provided in section 15-905, subsection E or section 15-948 to the
36 utility expenditure line of the budget.
37 C. The governing board may expend from the excess utility cost
38 category only after it has expended for utility purposes the full amount
39 budgeted in the utility expenditure line of the budget.
40 D. The governing board, after notice is given and a public meeting is
41 held as provided in section 15-905, subsection D, may revise at any time
42 before May 15 the amount budgeted in the excess utility cost category for the
43 current year. Not later than May 18, the budget as revised shall be
44 submitted electronically to the superintendent of public instruction.

1 E. If the revised excess utility cost category results in an
2 expenditure of monies in excess of school district revenues for the current
3 year, the county school superintendent shall include within the revenue
4 estimate for the budget year monies necessary to meet the liabilities
5 incurred by the school district in the current year in excess of revenues
6 received for the current year.

7 F. If a school district receives a refund of ~~utility~~ PRIOR YEAR
8 expenditures or a rebate on energy saving devices or services, FIFTY PER CENT
9 OF the refund or rebate, AFTER REDUCTION OF ASSOCIATED COSTS TO OBTAIN THE
10 REFUND OR REBATE, shall be applied against ~~utility~~ THE CORRESPONDING
11 expenditures for the current year as a reduction of the expenditures, except
12 that the reduction of expenditures shall not exceed the amount of actual
13 ~~utility~~ expenditures FOR EACH OBJECT CODE IN A FISCAL YEAR.

14 G. The governing board may budget for expenses of complying with or
15 continuing to implement activities which were required or permitted by a
16 court order of desegregation or administrative agreement with the United
17 States department of education office for civil rights directed toward
18 remediating alleged or proven racial discrimination which are specifically
19 exempt in whole or in part from the revenue control limit and the capital
20 outlay revenue limit. This exemption applies only to expenses incurred for
21 activities which are begun before the termination of the court order or
22 administrative agreement. If a district is levying a primary property tax on
23 February 23, 2006 and using those monies to administer an English language
24 learner program to remedy alleged or proven discrimination under title VI of
25 the civil rights act of 1964 (42 United States Code section 2000d), the
26 district may spend those monies to remedy a violation of the equal education
27 act of 1974 (20 United States Code section 1703(f)). Nothing in this
28 subsection allows a school district to levy a primary property tax for
29 violations of the equal education act of 1974 (20 United States Code section
30 1703(f)) in the absence of an alleged or proven discrimination under title VI
31 of the civil rights act of 1964 (42 United States Code section 2000d).

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

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

38 2. Notify the county school superintendent to include the cost of the
39 excess expenses in the county school superintendent's estimate of the
40 additional amount needed for the school district from the primary property
41 tax as provided in section 15-991.

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

1 I. Through fiscal year 2003-2004, the maximum amount which a governing
2 board may budget outside of the capital outlay revenue limit as provided in
3 subsection G of this section is twelve per cent of the maintenance and
4 operation desegregation budget as provided in subsection J of this section or
5 the amount that it budgeted pursuant to this subsection for fiscal year
6 2001-2002, whichever is less. If a governing board chooses to budget monies
7 outside of the capital outlay revenue limit as provided in subsection G of
8 this section, the governing board may notify the county school superintendent
9 to include the cost of the excess expenses in the county school
10 superintendent's estimate of the additional amount needed for the school
11 district from the primary property tax as provided in section 15-991.

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

13 1. Shall prepare and employ a separate maintenance and operation
14 desegregation budget and capital outlay desegregation budget on a form
15 prescribed by the superintendent of public instruction in conjunction with
16 the auditor general. The budget format shall be designed to allow a school
17 district to plan and provide in detail for expenditures to be incurred solely
18 as a result of compliance with or continuing to implement activities which
19 were required or permitted by a court order of desegregation or
20 administrative agreement with the United States department of education
21 office for civil rights directed toward remediating alleged or proven racial
22 discrimination.

23 2. Shall prepare as a part of the annual financial report a detailed
24 report of expenditures incurred solely as a result of compliance with or
25 continuing to implement activities which were required or permitted by a
26 court order of desegregation or administrative agreement with the United
27 States department of education office for civil rights directed toward
28 remediating alleged or proven racial discrimination, in a format prescribed
29 by the auditor general in conjunction with the Arizona department of
30 education as provided by section 15-904.

31 3. On or before July 15, 2006 and each year thereafter, shall collect
32 and report data regarding activities related to a court order of
33 desegregation or an administrative agreement with the United States
34 department of education office for civil rights directed toward remediating
35 alleged or proven racial discrimination in a format prescribed by the Arizona
36 department of education. The department shall compile and submit copies of
37 the reports to the governor, the president of the senate, the speaker of the
38 house of representatives and the chairpersons of the education committees of
39 the senate and the house of representatives. A school district that becomes
40 subject to a new court order of desegregation or a party to an administrative
41 agreement with the United States department of education office for civil
42 rights directed toward remediating alleged or proven racial discrimination
43 shall submit these reports on or before July 15 or within ninety days of the
44 date of the court order or administrative agreement, whichever occurs first.
45 The Arizona department of education, in consultation with the auditor

1 general, shall develop reporting requirements to ensure that school districts
2 submit at least the following information and documentation to the Arizona
3 department of education beginning in fiscal year 2006-2007:

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

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

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

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

15 (e) If applicable, a current and accurate description of all magnet
16 type programs that are in operation pursuant to the court order during the
17 current school year on a district-wide basis and on a school by school basis.
18 This information shall contain the eligibility and attendance criteria of
19 each magnet type program, the capacity of each magnet type program, the
20 ethnic composition goals of each magnet type program, the actual attending
21 ethnic composition of each magnet type program and the specific activities
22 offered in each magnet type program.

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

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

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

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

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

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

44 (l) Verification that the desegregation funding is educationally
45 justifiable.

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

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

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

9 (p) Verification that the desegregation funding will be used to
10 accomplish specific actions to remediate proven discrimination pursuant to
11 title VI of the civil rights act of 1964 (42 United States Code section
12 2000d) as specified in the court order or administrative agreement.

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

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

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

20 K. If a school district governing board budgets for expenses of
21 complying with a court order of desegregation or an administrative agreement
22 with the United States department of education office for civil rights
23 directed toward remediating alleged or proven racial discrimination, the
24 governing board shall ensure that the desegregation expenses will:

25 1. Be educationally justifiable.

26 2. Result in equal education opportunities for all pupils in the
27 school district.

28 3. Be used to promote systemic and organizational changes within the
29 school district.

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

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

36 6. Be used in accordance with a plan submitted to the department of
37 education that includes an estimate of the amount of monies that will be
38 required to bring the school district into compliance with the court order or
39 administrative agreement and an estimate of when the school district will be
40 in compliance with the court order or administrative agreement.

41 7. Beginning in fiscal year 2009-2010 and continuing each fiscal year
42 thereafter, not exceed the amount budgeted by the school district for
43 desegregation expenses in fiscal year 2008-2009.

44 L. The governing board may budget for the bond issues portion of the
45 cost of tuition charged the district as provided in section 15-824 for the

1 pupils attending school in another school district, except that if the
2 district is a common school district not within a high school district, the
3 district may only include that part of tuition which is excluded from the
4 revenue control limit and district support level as provided in section
5 15-951. The bond issues portion of the cost of tuition charged is
6 specifically exempt from the revenue control limit of the school district of
7 residence, and the primary property tax rate set to fund this amount shall
8 not be included in the computation of additional state aid for education as
9 provided in section 15-972, except as provided in section 15-972,
10 subsection E. The department of education and the auditor general shall
11 include in the maintenance and operation section of the budget format, as
12 provided in section 15-903, a separate category for the bond issues portion
13 of the cost of tuition.

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