

REFERENCE TITLE: schools; desegregation funding; phase-down.

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
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HB 2401

Introduced by
Representatives Leach, Finchem: Kern, Livingston, Mitchell, Montenegro,
Olson, Thorpe

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 expenditures or a
8 rebate on energy saving devices or services, the refund or rebate shall be
9 applied against utility expenditures for the current year as a reduction of
10 the expenditures, except that the reduction of expenditures shall not exceed
11 the amount of actual utility expenditures.

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

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

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

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

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

44 I. If a governing board chooses to budget monies outside of district
45 additional assistance as provided in subsection G of this section, the

1 governing board may notify the county school superintendent to include the
2 cost of the excess expenses in the county school superintendent's estimate of
3 the additional amount needed for the school district from the primary
4 property tax as provided in section 15-991.

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

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

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

24 3. On or before July 15, 2006 and each year thereafter, shall collect
25 and report data regarding activities related to a court order of
26 desegregation or an administrative agreement with the United States
27 department of education office for civil rights directed toward remediating
28 alleged or proven racial discrimination in a format prescribed by the Arizona
29 department of education. The department shall compile and submit copies of
30 the reports to the governor, the president of the senate, the speaker of the
31 house of representatives and the chairpersons of the education committees of
32 the senate and the house of representatives. A school district that becomes
33 subject to a new court order of desegregation or a party to an administrative
34 agreement with the United States department of education office for civil
35 rights directed toward remediating alleged or proven racial discrimination
36 shall submit these reports on or before July 15 or within ninety days of the
37 date of the court order or administrative agreement, whichever occurs first.
38 The Arizona department of education, in consultation with the auditor
39 general, shall develop reporting requirements to ensure that school districts
40 submit at least the following information and documentation to the Arizona
41 department of education beginning in fiscal year 2006-2007:

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

- 1 (b) A detailed list of desegregation activities on a district-wide
2 basis and on a school by school basis for each school in the school district.
- 3 (c) The date that the school district was determined to be out of
4 compliance with title VI of the civil rights act of 1964 (42 United States
5 Code section 2000d) and the basis for that determination.
- 6 (d) The initial date that the school district began to levy property
7 taxes to provide funding for desegregation expenses and any dates that these
8 property tax levies were increased.
- 9 (e) If applicable, a current and accurate description of all magnet
10 type programs that are in operation pursuant to the court order during the
11 current school year on a district-wide basis and on a school by school basis.
12 This information shall contain the eligibility and attendance criteria of
13 each magnet type program, the capacity of each magnet type program, the
14 ethnic composition goals of each magnet type program, the actual attending
15 ethnic composition of each magnet type program and the specific activities
16 offered in each magnet type program.
- 17 (f) The number of pupils who participate in desegregation activities
18 on a district-wide basis and on a school by school basis for each school in
19 the school district.
- 20 (g) A detailed summary of the academic achievement of pupils on a
21 district-wide basis and on a school by school basis for each school in the
22 school district.
- 23 (h) The number of employees, including teachers and administrative
24 personnel, on a district-wide basis and on a school by school basis for each
25 school in the school district that is necessary to conduct desegregation
26 activities.
- 27 (i) The number of employees, including teachers and administrative
28 personnel, on a district-wide basis and on a school by school basis for each
29 school in the school district and the number of employees at school district
30 administrative offices that are funded in whole or in part with desegregation
31 monies received pursuant to this section.
- 32 (j) The amount of monies that is not derived through a primary or
33 secondary property tax levy and that is budgeted and spent on desegregation
34 activities on a district-wide basis and on a school by school basis for each
35 school in the school district.
- 36 (k) Verification that the desegregation funding will supplement and
37 not supplant funding for other academic and extracurricular activities.
- 38 (l) Verification that the desegregation funding is educationally
39 justifiable.
- 40 (m) Any documentation that supports the proposition that the requested
41 desegregation funding is intended to result in equal education opportunities
42 for all pupils in the school district.
- 43 (n) Verification that the desegregation funding will be used to
44 promote systemic and organizational changes within the school district.

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

4 (p) Verification that the desegregation funding will be used to
5 accomplish specific actions to remediate proven discrimination pursuant to
6 title VI of the civil rights act of 1964 (42 United States Code section
7 2000d) as specified in the court order or administrative agreement.

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

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

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

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

20 1. Be educationally justifiable.

21 2. Result in equal education opportunities for all pupils in the
22 school district.

23 3. Be used to promote systemic and organizational changes within the
24 school district.

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

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

31 6. Be used in accordance with a plan submitted to the department of
32 education that includes an estimate of the amount of monies that will be
33 required to bring the school district into compliance with the court order or
34 administrative agreement and an estimate of when the school district will be
35 in compliance with the court order or administrative agreement.

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

39 8. BEGINNING IN FISCAL YEAR 2017-2018, BE ANNUALLY REDUCED FOR FIVE
40 CONSECUTIVE FISCAL YEARS BY AT LEAST FIFTEEN PERCENT OF THE AMOUNT LEVIED IN
41 FISCAL YEAR 2009-2010 TO PROVIDE FUNDING FOR DESEGREGATION EXPENSES IF THE
42 SCHOOL DISTRICT HAS AN EXISTING OR PREVIOUS ADMINISTRATIVE AGREEMENT WITH THE
43 UNITED STATES DEPARTMENT OF EDUCATION OFFICE FOR CIVIL RIGHTS DIRECTED TOWARD
44 REMEDIATING ALLEGED OR PROVEN RACIAL DISCRIMINATION AND THE SCHOOL DISTRICT
45 BUDGETS MONIES FOR DESEGREGATION EXPENSES OUTSIDE THE REVENUE CONTROL LIMIT

1 AS PROVIDED IN SUBSECTION G OF THIS SECTION. A SCHOOL DISTRICT THAT IS
2 SUBJECT TO THIS PARAGRAPH MAY NOT BUDGET FOR DESEGREGATION EXPENSES OUTSIDE
3 THE REVENUE CONTROL LIMIT AFTER FISCAL YEAR 2021-2022.

4 9. BEGINNING IN FISCAL YEAR 2017-2018, BE ANNUALLY REDUCED FOR TEN
5 CONSECUTIVE FISCAL YEARS BY AT LEAST SEVEN PERCENT OF THE AMOUNT LEVIED IN
6 FISCAL YEAR 2009-2010 TO PROVIDE FUNDING FOR DESEGREGATION EXPENSES IF THE
7 SCHOOL DISTRICT WAS SUBJECT TO A PREVIOUS COURT ORDER OF DESEGREGATION AND
8 THE SCHOOL DISTRICT BUDGETS MONIES FOR DESEGREGATION EXPENSES OUTSIDE THE
9 REVENUE CONTROL LIMIT AS PROVIDED IN SUBSECTION G OF THIS SECTION. A SCHOOL
10 DISTRICT THAT IS SUBJECT TO THIS PARAGRAPH MAY NOT BUDGET FOR DESEGREGATION
11 EXPENSES OUTSIDE THE REVENUE CONTROL LIMIT AFTER FISCAL YEAR 2026-2027.

12 10. BEGINNING IN THE FISCAL YEAR FOLLOWING A FEDERAL COURT DECLARING
13 THE SCHOOL DISTRICT TO BE IN UNITARY STATUS, BE ANNUALLY REDUCED FOR TEN
14 CONSECUTIVE FISCAL YEARS BY AT LEAST SEVEN PERCENT OF THE AMOUNT LEVIED IN
15 FISCAL YEAR 2009-2010 TO PROVIDE FUNDING FOR DESEGREGATION EXPENSES IF THE
16 SCHOOL DISTRICT WAS SUBJECT TO A PREVIOUS COURT ORDER OF DESEGREGATION AND
17 THE SCHOOL DISTRICT BUDGETS MONIES FOR DESEGREGATION EXPENSES OUTSIDE THE
18 REVENUE CONTROL LIMIT AS PROVIDED IN SUBSECTION G OF THIS SECTION. A SCHOOL
19 DISTRICT THAT IS SUBJECT TO THIS PARAGRAPH MAY NOT BUDGET FOR DESEGREGATION
20 EXPENSES OUTSIDE THE REVENUE CONTROL LIMIT AFTER TEN FISCAL YEARS FOLLOWING A
21 FEDERAL COURT DECLARING THE SCHOOL DISTRICT TO BE IN UNITARY STATUS.

22 L. The governing board may budget for the bond issues portion of the
23 cost of tuition charged the district as provided in section 15-824 for the
24 pupils attending school in another school district, except that if the
25 district is a common school district not within a high school district, the
26 district may only include that part of tuition which is excluded from the
27 revenue control limit and district support level as provided in section
28 15-951. The bond issues portion of the cost of tuition charged is
29 specifically exempt from the revenue control limit of the school district of
30 residence, and the primary property tax rate set to fund this amount shall
31 not be included in the computation of additional state aid for education as
32 provided in section 15-972, except as provided in section 15-972,
33 subsection E. The department of education and the auditor general shall
34 include in the maintenance and operation section of the budget format, as
35 provided in section 15-903, a separate category for the bond issues portion
36 of the cost of tuition.

37 M. The governing board may budget for interest expenses it incurred
38 for registering warrants drawn against a fund of the school district or net
39 interest expense on tax anticipation notes as prescribed in section
40 35-465.05, subsection C for the fiscal year preceding the current year if the
41 county treasurer pooled all school district monies for investment as provided
42 in section 15-996 for the fiscal year preceding the current year and, in
43 those school districts that receive state aid, the school districts applied
44 for an apportionment of state aid before the date set for the apportionment
45 as provided in section 15-973 for the fiscal year preceding the current year.

1 The governing board may budget an amount for interest expenses for
2 registering warrants or issuing tax anticipation notes equal to or less than
3 the amount of the warrant interest expense or net interest expense on tax
4 anticipation notes as prescribed in section 35-465.05, subsection C for the
5 fiscal year preceding the current year as provided in this subsection which
6 is specifically exempt from the revenue control limit. For the purposes of
7 this subsection, "state aid" means state aid as determined in sections 15-971
8 and 15-972.