

Senate Engrossed

~~educator salary increases; school reporting~~
(now: instructional expenses; operational spending; enforcement)

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE CONCURRENT RESOLUTION 1032

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING TO
SCHOOL DISTRICT BUDGETS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Under the power of the referendum, as vested in the Legislature,
4 the following measure, relating to school district budgets, is enacted to
5 become valid as a law if approved by the voters and on proclamation of the
6 Governor:

7 AN ACT

8 AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED
9 STATUTES, BY ADDING SECTION 15-917; RELATING TO SCHOOL DISTRICT
10 BUDGETS.

11 Be it enacted by the Legislature of the State of Arizona:

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

14 15-917. Operational spending; direct instructional
15 expenses; enforcement; waivers

16 A. EACH SCHOOL DISTRICT THAT HAS A STUDENT COUNT OF AT
17 LEAST SEVEN THOUSAND FIVE HUNDRED OR THAT OPERATES A SCHOOL IN
18 A COUNTY WITH A POPULATION OF AT LEAST FIVE HUNDRED THOUSAND
19 PERSONS SHALL SPEND AT LEAST SIXTY PERCENT OF THE SCHOOL
20 DISTRICT'S OPERATIONAL SPENDING ON DIRECT INSTRUCTIONAL
21 EXPENSES. BEGINNING IN FISCAL YEAR 2027-2028, ANY SCHOOL
22 DISTRICT THAT SPENDS LESS THAN SIXTY PERCENT OF THE SCHOOL
23 DISTRICT'S OPERATIONAL SPENDING ON DIRECT INSTRUCTIONAL
24 EXPENSES SHALL INCREASE THE PORTION OF THE SCHOOL DISTRICT'S
25 OPERATIONAL SPENDING THAT IS SPENT ON DIRECT INSTRUCTIONAL
26 EXPENSES EACH YEAR BY AT LEAST ONE-HALF OF ONE PERCENT PER YEAR
27 UNTIL THE SCHOOL DISTRICT IS IN COMPLIANCE, SUBJECT TO THE
28 FOLLOWING:

29 1. IF A SCHOOL DISTRICT INCREASES THE PORTION OF THE
30 SCHOOL DISTRICT'S OPERATIONAL SPENDING ON DIRECT INSTRUCTIONAL
31 EXPENSES BY MORE THAN ONE-HALF OF ONE PERCENT PER YEAR, THE
32 SCHOOL DISTRICT MAY COUNT THE PORTION OF THE INCREASE THAT
33 EXCEEDS ONE-HALF OF ONE PERCENT TOWARD ANY INCREASE THAT IS
34 REQUIRED IN A SUBSEQUENT YEAR.

35 2. IF A SCHOOL DISTRICT REDUCES THE PORTION OF THE SCHOOL
36 DISTRICT'S OPERATIONAL SPENDING ON DIRECT INSTRUCTIONAL
37 EXPENSES, BOTH OF THE FOLLOWING APPLY:

38 (a) THE AUDITOR GENERAL MAY NOT CONSIDER THE REDUCTION
39 WHEN CALCULATING THE AMOUNT OF THE ANNUAL INCREASE THAT IS
40 REQUIRED BY THIS SUBSECTION FOR THE SCHOOL DISTRICT.

41 (b) THE SCHOOL DISTRICT MAY COUNT ONLY THE PORTION OF AN
42 INCREASE IN OPERATIONAL SPENDING ON DIRECT INSTRUCTIONAL
43 EXPENSES FOR A SUBSEQUENT YEAR THAT RESULTS IN AN INCREASE ABOVE
44 THE PORTION OF OPERATIONAL SPENDING BEFORE THE REDUCTION.

1 B. IF THE AUDITOR GENERAL DETERMINES THAT A SCHOOL
2 DISTRICT DID NOT COMPLY WITH THE REQUIREMENTS PRESCRIBED BY
3 SUBSECTION A OF THIS SECTION IN THE IMMEDIATELY PRECEDING FISCAL
4 YEAR AND IF THE SCHOOL DISTRICT RECEIVES MONIES FROM THE
5 CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977, THE
6 DEPARTMENT SHALL REDUCE THE SCHOOL DISTRICT'S ALLOCATION
7 PURSUANT TO SECTION 15-977, SUBSECTION G FOR THE BUDGET YEAR BY
8 THE FOLLOWING AMOUNTS:

9 1. IF THE SCHOOL DISTRICT DID NOT COMPLY FOR ONE YEAR,
10 AN AMOUNT THAT IS EQUAL TO TWENTY-FIVE PERCENT OF THE AMOUNT
11 THAT WOULD OTHERWISE BE ALLOCATED TO THE SCHOOL DISTRICT.

12 2. IF THE SCHOOL DISTRICT DID NOT COMPLY FOR TWO YEARS,
13 AN AMOUNT THAT IS EQUAL TO FIFTY PERCENT OF THE AMOUNT THAT
14 WOULD OTHERWISE BE ALLOCATED TO THE SCHOOL DISTRICT.

15 3. IF THE SCHOOL DISTRICT DID NOT COMPLY FOR THREE YEARS,
16 AN AMOUNT THAT IS EQUAL TO SEVENTY-FIVE PERCENT OF THE AMOUNT
17 THAT WOULD OTHERWISE BE ALLOCATED TO THE DISTRICT.

18 4. IF THE SCHOOL DISTRICT DID NOT COMPLY FOR AT LEAST
19 FOUR YEARS, AN AMOUNT THAT IS EQUAL TO THE AMOUNT THAT WOULD
20 OTHERWISE BE ALLOCATED TO THE DISTRICT.

21 C. THE STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE
22 SHALL INCLUDE MONIES THAT ARE NOT DISTRIBUTED BECAUSE OF
23 REDUCTIONS REQUIRED BY SUBSECTION B OF THIS SECTION IN THE
24 CARRYFORWARD FOR THE PURPOSES OF SECTION 15-977, SUBSECTION G,
25 PARAGRAPH 1.

26 D. THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY WAIVE THE
27 REQUIREMENTS PRESCRIBED BY SUBSECTION B OF THIS SECTION FOR A
28 SCHOOL DISTRICT SUBJECT TO THE FOLLOWING:

29 1. THE DURATION OF A WAIVER PURSUANT TO THIS SUBSECTION
30 MAY NOT EXCEED ONE YEAR.

31 2. THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY NOT ISSUE
32 MORE THAN TWO WAIVERS FOR A SCHOOL DISTRICT DURING ANY TEN-YEAR
33 PERIOD, EXCEPT AS PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION.

34 3. IF THE SUPERINTENDENT ISSUES A SECOND WAIVER FOR A
35 SCHOOL DISTRICT MORE THAN FOUR YEARS AFTER THE DATE ON WHICH
36 THE SUPERINTENDENT ISSUES A FIRST WAIVER FOR THE SCHOOL
37 DISTRICT, THE SUPERINTENDENT MAY ISSUE ANOTHER WAIVER FOR THE
38 SCHOOL DISTRICT AT ANY TIME DURING THE TEN-YEAR PERIOD THAT
39 BEGINS ON THE DATE THAT THE SUPERINTENDENT ISSUES THE SECOND
40 WAIVER.

41 E. THIS SECTION DOES NOT REQUIRE THIS STATE OR AN OFFICER
42 OR AGENCY OF THIS STATE TO MAINTAIN THE CLASSROOM SITE FUND
43 ESTABLISHED BY SECTION 15-977 OR ALLOCATE MONIES FOR A CLASSROOM
44 SITE FUND EXCEPT AS OTHERWISE PROVIDED BY THE LAWS OF THIS
45 STATE.

1 F. THE AUDITOR GENERAL SHALL DEFINE "DIRECT
2 INSTRUCTIONAL EXPENSES" AND "OPERATIONAL SPENDING" FOR THE
3 PURPOSES OF THIS SECTION.
4 2. The Secretary of State shall submit this proposition to the voters
5 at the next general election as provided by article IV, part 1, section 1,
6 Constitution of Arizona.

PASSED BY THE HOUSE JUNE 13, 2026.

PASSED BY THE SENATE MARCH 23, 2026.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 15, 2026.