



# HOUSE OF REPRESENTATIVES

HB2001

schools; base level; appropriations.

Sponsors: Representatives Gowan, Livingston, Montenegro, et al.

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**DP** Committee on Appropriations  
**DPA** Caucus and COW  
**X** As Transmitted to the Governor

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## OVERVIEW

HB 2001 increases the Base Level for Fiscal Year (FY) 2016 and makes additional school funding appropriations.

## HISTORY

In November, 2000, Arizona voters passed Proposition 301, which increased the state Transaction Privilege Tax by 0.6% to generate additional funding for public education and added A.R.S. § 15-901.01 which required the Legislature to increase the Base Level or other components of the Revenue Control Limit by 2% or the change in the Gross Domestic Product price deflator, whichever is less. In October, 2010, plaintiffs sued the state in *Cave Creek Unified School District vs Ducey* (since renamed to *DeWit*) alleging, among other claims, that the state violated A.R.S. § 15-901.01 by increasing the Transportation Support Level by inflation, but not the Base Level in 2010. The Superior Court dismissed the case, however the Court of Appeals reversed the decision and entered a declaratory judgement in favor of the plaintiffs. The Arizona Supreme Court accepted the case and affirmed the opinion of the Court of Appeals in 2013.

In FY 2016, the Legislature set the Base Level at \$3,426.74, appropriated \$2.44 billion in Basic State Aid and appropriated an additional \$74.4 million in additional inflation funding. The Basic State Aid allocation included \$47.4 million from the Permanent State School Fund appropriations and \$2.39 billion from the state General Fund (GF).

## PROVISIONS

### *FY 2016*

1. Increases the Base Level for FY 2016 from \$3,426.74 to \$3,600, and effectuates corresponding changes to the FY 2016 General Appropriations Act (SB 1469).
  - a. Increases FY 2016 Basic State Aid by \$249 million.
    - i. Additional Basic State Aid includes \$172 million from the Permanent State School Fund and \$77 million from the GF
      - The additional \$77 million GF amount includes the \$74 million originally appropriated in SB 1469 for additional inflation.
2. Appropriates \$50 million from the GF in FY 2016 for additional funding.
  - a. Requires the Arizona Department of Education (ADE) to allocate the additional funding to schools on a pro rata basis using the weighted student count and increase budget limits accordingly.

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- b. Directs school districts that serve as a district of attendance to include nonresident students in the weighted student count.
  - c. Allows a school district to budget the received allocation in the school district's maintenance and operation fund or unrestricted capital outlay fund.
3. Allows a school district or other entity that receives additional funding or budget capacity in FY 2016 to:
    - a. carry forward any portion of that funding into FY 2017 and exempt it from the Revenue Control Limit; and
    - b. use the additional monies for increased employee compensation in FYs 2016 and 2017.
  4. Extends, for FY 2016, any deadline for the adoption or adjustment of school district budgets that is currently specified by law as May 15 to June 30.

### ***FYs 2017 through 2020***

5. Appropriates \$50 million annually from the GF to ADE in FYs 2017-2020 for additional funding for school districts and charter schools.
6. Appropriates \$75 million annually from the GF to ADE in FYs 2021-2025 for additional funding for school districts and charter schools.
7. Allows a school district to budget the received allocation in the school district's maintenance and operation fund or unrestricted capital outlay fund.
8. Requires ADE to allocate the additional funding to schools on a pro rata basis using the weighted student count for the FY and increase budget limits accordingly.
9. Directs school districts that serve as a district of attendance to include nonresident students in the weighted student count.

### ***Miscellaneous***

10. Contains legislative intent clause.
11. Contains a retroactive effective date of July 1, 2015.
12. Contains legislative findings.
13. Conditions a conditional enactment clause.
14. Makes technical and conforming changes.