



ARIZONA STATE SENATE
Fifty-Second Legislature, First Regular Session

FACT SHEET FOR S.B. 1125

schools; desegregation funding; phase-down

Purpose

Reduces desegregation funding over five years for schools with existing or previous agreements with the United States Department Office of Civil Rights (OCR) and 10 years for schools that were subject to previous court orders of desegregation and schools declared to be in unitary status.

Background

Currently, 19 school districts in Arizona currently budget for costs resulting from a court order of desegregation, which applies only to Phoenix Union and Tucson Unified (TUSD), or an ongoing or resolved OCR administrative agreement, which applies to other school districts. Arizona statute allows a school district to budget and levy an additional property tax above and beyond the tax used for regular maintenance and operations for expenses incurred for any measures or activities designed to remediate alleged or proven racial discrimination. This budget authority is typically referred to as *desegregation funding*, although monies may be used to remediate any civil rights category violation.

Arizona school districts may budget for desegregation activities due to an OCR administrative agreement or consent decree if the expenses incurred for these activities were initiated before the termination of the court order or an OCR administrative agreement. School districts budgeting for an OCR administrative agreement or consent decree costs must: 1) prepare and employ a separate maintenance and operation and capital outlay desegregation budget; 2) utilize a budget format that allows the school district to detail all of the expenditures resulting from any program implementation required by a consent decree or an OCR administrative agreement in their annual financial report; and 3) annually collect and report program activity data related to the consent decree or an OCR administrative agreement to the Arizona Department of Education (ADE). The ADE must compile and submit a report to the Governor and the Legislature that includes an annual financial report regarding desegregation activities, the programmatic and per pupil costs for desegregation activities, a summary of the results of desegregation activities, a summary of all relevant court filings, pleadings and correspondence and the actions taken to achieve equitable status.

Finally, school districts must also ensure that desegregation expenses are educationally justifiable, result in equal educational opportunities, promote systemic and organizational changes within the district, align with the Arizona Academic Standards, accomplish specific actions to remediate the violation and used in accordance with the plan the school district submits to ADE.

According to the Arizona Constitution, Article 9, Section 18 the total amount of taxes collected on residential property for primary tax purposes is not allowed to exceed 1 percent of the parcel's limited property value. Through FY 2015, the combined primary property value taxes on a parcel of residential property that exceeded this limit was reduced through a commensurate increase in additional state aid to schools. Beginning in 2016, Laws 2015, Chapter 15 capped the state's cost of the 1 percent cap program to \$1 million per county. As a result, there may be a positive impact to the state General Fund associated with this legislation, however, the actual amount is unknown at this time.

Provisions

1. Requires school districts that have an existing or previous administrative agreement with the OCR to reduce desegregation expenses by at least 15 percent of the amount levied in FY 2009-2010 for five consecutive fiscal years beginning in FY 2017-2018 and prohibits those schools from budgeting for desegregation expenses outside the revenue control limit after FY 2021-2022.
2. Requires school districts that were subject to previous court orders of desegregation to reduce desegregation expenses by at least seven percent of the amount levied in FY 2009-2010 for 10 consecutive fiscal years beginning in FY 2017-2018, and prohibits those schools from budgeting for desegregation expenses outside the revenue control limit after FY 2026-2027.
3. Requires school districts that have been declared to be in unitary status to reduce desegregation expenses by a least seven percent of the amount levied in FY 2009-2010 for 10 consecutive fiscal years beginning in the fiscal year following the declaration of unitary status and prohibits those schools from budgeting for desegregation expenses outside the revenue control limit after 10 fiscal years following the declaration of unitary status.
4. Makes a technical change.
5. Becomes effective on the general effective date.

Prepared by Senate Research

February 8, 2016

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