

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.C.R. 2007
(Reference to printed resolution)

1 Strike everything after the enacting clause and insert:

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

6 AN ACT

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

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

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

14 15-917. Operational spending; direct instructional
15 expenses; direct instruction fund; auditor
16 general; waiver; definition

17 A. EACH SCHOOL DISTRICT THAT HAS A STUDENT COUNT OF AT
18 LEAST FIVE HUNDRED SHALL:

19 1. SPEND AT LEAST SIXTY PERCENT OF THE SCHOOL
20 DISTRICT'S OPERATIONAL SPENDING ON DIRECT INSTRUCTIONAL
21 EXPENSES.

22 2. SPEND AT LEAST FIFTY PERCENT OF THE SCHOOL
23 DISTRICT'S OPERATIONAL SPENDING ON TEACHER PAY.

24 B. BEGINNING IN FISCAL YEAR 2027-2028, ANY SCHOOL
25 DISTRICT THAT IS NOT COMPLYING WITH SUBSECTION A OF THIS
26 SECTION SHALL INCREASE THE PORTION OF THE SCHOOL DISTRICT'S
27 OPERATIONAL SPENDING THAT IS SPENT ON DIRECT INSTRUCTIONAL
28 EXPENSES OR TEACHER PAY, OR BOTH, EACH YEAR BY AT LEAST
29 ONE-HALF OF ONE PERCENT OF THE PORTION OF THE SCHOOL
30 DISTRICT'S OPERATIONAL SPENDING THAT IS SPENT ON DIRECT
31 INSTRUCTIONAL EXPENSES OR TEACHER PAY, OR BOTH, IN THE
32 2024-2025 SCHOOL YEAR UNTIL THE SCHOOL DISTRICT IS IN
33 COMPLIANCE. IF A SCHOOL DISTRICT INCREASES THE PORTION OF THE
34 SCHOOL DISTRICT'S OPERATIONAL SPENDING REQUIRED BY SUBSECTION
35 A OF THIS SECTION BY MORE THAN ONE-HALF OF ONE PERCENT IN ANY
36 YEAR, THE SCHOOL DISTRICT MAY COUNT THE PORTION OF THE
37 INCREASE THAT EXCEEDS ONE-HALF OF ONE PERCENT TOWARD ANY
38 INCREASE THAT IS REQUIRED IN A SUBSEQUENT YEAR. A SCHOOL
39 DISTRICT SHALL USE UNRESTRICTED OPERATIONAL SPENDING TO COMPLY

1 WITH THIS SUBSECTION AND MAY NOT COUNT EXPENDITURES FROM THE
2 DIRECT INSTRUCTION FUND IN THE INCREASES REQUIRED BY THIS
3 SUBSECTION.

4 C. IF IN THE ANNUAL REPORT REQUIRED BY SECTION
5 41-1279.03, THE AUDITOR GENERAL IDENTIFIES A SCHOOL DISTRICT
6 THAT DID NOT COMPLY WITH THE REQUIREMENTS PRESCRIBED BY
7 SUBSECTION B OF THIS SECTION, THE AUDITOR GENERAL SHALL NOTIFY
8 THE DEPARTMENT OF EDUCATION AND:

9 1. IN THE NEXT FISCAL YEAR AFTER THE AUDITOR GENERAL
10 NOTIFIES THE DEPARTMENT OF EDUCATION, THE DEPARTMENT SHALL
11 WITHHOLD FROM THE STATE AID THAT THE SCHOOL DISTRICT WOULD
12 OTHERWISE RECEIVE AN AMOUNT EQUAL TO THE GREATER OF:

13 (a) THE DIFFERENCE BETWEEN THE AMOUNT THAT THE SCHOOL
14 DISTRICT WAS REQUIRED TO SPEND ON DIRECT INSTRUCTIONAL
15 EXPENSES PURSUANT TO SUBSECTION B OF THIS SECTION AND THE
16 AMOUNT THAT THE SCHOOL DISTRICT ACTUALLY SPENT ON DIRECT
17 INSTRUCTIONAL EXPENSES FOR THE SCHOOL YEAR THAT IS THE SUBJECT
18 OF THE AUDITOR GENERAL'S DETERMINATION.

19 (b) THE DIFFERENCE BETWEEN THE AMOUNT THAT THE SCHOOL
20 DISTRICT WAS REQUIRED TO SPEND ON TEACHER PAY PURSUANT TO
21 SUBSECTION A OF THIS SECTION AND THE AMOUNT THAT THE SCHOOL
22 DISTRICT ACTUALLY SPENT ON TEACHER PAY FOR THE SCHOOL YEAR
23 THAT IS THE SUBJECT OF THE AUDITOR GENERAL'S DETERMINATION.

24 2. IF THE SCHOOL DISTRICT IS SUBJECT TO A WITHHOLDING
25 PURSUANT TO THIS SUBSECTION, THE SCHOOL DISTRICT SHALL
26 ESTABLISH A DIRECT INSTRUCTION FUND. THE SCHOOL DISTRICT
27 SHALL USE MONIES FROM THE FUND ONLY FOR DIRECT INSTRUCTIONAL
28 EXPENSES.

29 3. THE DEPARTMENT SHALL REDUCE THE SCHOOL DISTRICT'S
30 GENERAL BUDGET LIMIT CALCULATED PURSUANT TO SECTION 15-947 BY
31 THE TOTAL AMOUNT THAT IS WITHHELD PURSUANT TO PARAGRAPH 1 OF
32 THIS SUBSECTION.

33 4. THE DEPARTMENT SHALL RETURN TO THE SCHOOL DISTRICT
34 MONIES THAT ARE WITHHELD PURSUANT TO PARAGRAPH 1 OF THIS
35 SUBSECTION AND THE SCHOOL DISTRICT SHALL DEPOSIT THE MONIES IN
36 THE DIRECT INSTRUCTION FUND 2 OF THIS SUBSECTION.

37 D. THE AUDITOR GENERAL SHALL:

38 1. ANNUALLY DETERMINE WHETHER EACH SCHOOL DISTRICT IN
39 THIS STATE IS IN COMPLIANCE WITH THE REQUIREMENTS PRESCRIBED
40 BY SUBSECTION C, PARAGRAPH 2 OF THIS SECTION AND SHALL REPORT
41 THE DETERMINATIONS TO THE DEPARTMENT OF EDUCATION, THE
42 GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE
43 PRESIDENT OF THE SENATE AND THE JOINT LEGISLATIVE BUDGET
44 COMMITTEE.

45 2. DEFINE OPERATIONAL SPENDING FOR THE PURPOSES OF THIS
46 SECTION.

1 E. THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY WAIVE
2 THE REQUIREMENTS PRESCRIBED BY SUBSECTION C OF THIS SECTION
3 FOR A SCHOOL DISTRICT SUBJECT TO THE FOLLOWING:
4 1. THE DURATION OF A WAIVER PURSUANT TO THIS SUBSECTION
5 MAY NOT EXCEED ONE YEAR.
6 2. THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY NOT
7 ISSUE A WAIVER FOR A SCHOOL DISTRICT FOR MORE THAN TWO
8 CONSECUTIVE YEARS.
9 F. FOR THE PURPOSES OF THIS SECTION, "TEACHER PAY":
10 1. INCLUDES:
11 (a) MONIES SPENT BY A SCHOOL DISTRICT FOR TEACHER BASE
12 SALARIES, PERFORMANCE PAY AND OTHER PAYMENTS TO TEACHERS THAT
13 ARE NOT RELATED TO COCURRICULAR ACTIVITIES, ATHLETICS OR OTHER
14 ADDITIONAL DUTIES AS DEFINED BY THE UNIFORM SYSTEM OF
15 FINANCIAL RECORDS.
16 (b) MONIES SPENT BY A SCHOOL DISTRICT FOR EMPLOYEE
17 BENEFITS THAT TEACHERS RECEIVE.
18 2. DOES NOT INCLUDE PAYMENTS TO OR COSTS INCURRED FOR
19 BENEFITS THAT ARE PROVIDED TO SUBSTITUTE TEACHERS OR
20 CONTRACTED TEACHERS.
21 2. The Secretary of State shall submit this proposition to the
22 voters at the next general election as provided by article IV, part 1,
23 section 1, Constitution of Arizona."
24 Amend title to conform
And, as so amended, it do pass

DAVID LIVINGSTON
CHAIRMAN

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02:17 PM
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