

PROPOSED  
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.C.R. 2007  
(Reference to printed bill)

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

17 A. EACH SCHOOL DISTRICT THAT HAS A STUDENT COUNT OF AT  
18 LEAST TWO HUNDRED SHALL SPEND AT LEAST SIXTY PERCENT OF THE  
19 SCHOOL DISTRICT'S OPERATIONAL SPENDING AS DEFINED BY THE  
20 OFFICE OF THE AUDITOR GENERAL 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 OF THE

1 PORTION OF THE SCHOOL DISTRICT'S OPERATIONAL SPENDING THAT IS  
2 SPENT ON DIRECT INSTRUCTIONAL EXPENSES IN THE 2024-2025 SCHOOL  
3 YEAR UNTIL THE SCHOOL DISTRICT IS IN COMPLIANCE. IF A SCHOOL  
4 DISTRICT INCREASES THE PORTION OF THE SCHOOL DISTRICT'S  
5 OPERATIONAL SPENDING ON DIRECT INSTRUCTIONAL EXPENSES BY MORE  
6 THAN ONE-HALF OF ONE PERCENT IN ANY YEAR, THE SCHOOL DISTRICT  
7 MAY COUNT THE PORTION OF THE INCREASE THAT EXCEEDS ONE-HALF OF  
8 ONE PERCENT TOWARD ANY INCREASE THAT IS REQUIRED IN A  
9 SUBSEQUENT YEAR.

10 B. IF THE AUDITOR GENERAL DETERMINES THAT A SCHOOL  
11 DISTRICT DID NOT COMPLY WITH THE REQUIREMENTS PRESCRIBED BY  
12 SUBSECTION A OF THIS SECTION:

13 1. THE DEPARTMENT OF EDUCATION SHALL WITHHOLD FROM THE  
14 STATE AID THAT THE SCHOOL DISTRICT WOULD OTHERWISE RECEIVE AN  
15 AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE AMOUNT THAT THE  
16 SCHOOL DISTRICT WAS REQUIRED TO SPEND ON DIRECT INSTRUCTIONAL  
17 EXPENSES PURSUANT TO SUBSECTION A OF THIS SECTION AND THE  
18 AMOUNT THAT THE SCHOOL DISTRICT SPENT ON DIRECT INSTRUCTIONAL  
19 EXPENSES FOR THE SCHOOL YEAR THAT IS THE SUBJECT OF THE  
20 AUDITOR GENERAL'S DETERMINATION.

21 2. THE SCHOOL DISTRICT SHALL ESTABLISH A DIRECT  
22 INSTRUCTION FUND. THE SCHOOL DISTRICT MAY USE MONIES FROM THE  
23 FUND ONLY FOR DIRECT INSTRUCTIONAL EXPENSES. THE SCHOOL  
24 DISTRICT MAY NOT SUPPLANT EXISTING FUNDING WITH REVENUES FROM  
25 THE FUND.

26 3. THE DEPARTMENT SHALL RETURN TO THE SCHOOL DISTRICT  
27 MONIES THAT ARE WITHHELD PURSUANT TO PARAGRAPH 1 OF THIS  
28 SUBSECTION AND THE SCHOOL DISTRICT SHALL DEPOSIT THE MONIES IN  
29 THE DIRECT INSTRUCTION FUND ESTABLISHED PURSUANT TO PARAGRAPH  
30 2 OF THIS SUBSECTION.

31 4. THE AUDITOR GENERAL SHALL INCLUDE IN THE ANNUAL  
32 REPORT REQUIRED BY SECTION 41-1279.03 A STATEMENT INDICATING

1           WHETHER THE SCHOOL DISTRICT SPENT ALL OF THE MONIES DEPOSITED  
2           IN THE DIRECT INSTRUCTION FUND PURSUANT TO THIS SUBSECTION.

3           C. THE AUDITOR GENERAL SHALL ANNUALLY DETERMINE WHETHER  
4           EACH SCHOOL DISTRICT IN THIS STATE IS IN COMPLIANCE WITH THE  
5           REQUIREMENTS PRESCRIBED BY THIS SECTION AND SHALL REPORT THE  
6           DETERMINATIONS TO THE DEPARTMENT OF EDUCATION.

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

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

12           2. THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY NOT  
13           ISSUE A WAIVER FOR A SCHOOL DISTRICT FOR MORE THAN TWO  
14           CONSECUTIVE YEARS.

15           2. The Secretary of State shall submit this proposition to the  
16 voters at the next general election as provided by article IV, part 1,  
17 section 1, Constitution of Arizona."

18 Amend title to conform

MATT GRESS

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C: VS  
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