

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
10 DISTRICT 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
14 read:

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

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

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

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

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

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

1 ABOVE THE PORTION OF OPERATIONAL SPENDING BEFORE THE
2 REDUCTION.

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

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

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

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

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

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

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

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

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

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

44 E. THIS SECTION DOES NOT REQUIRE THIS STATE OR AN
45 OFFICER OR AGENCY OF THIS STATE TO MAINTAIN THE CLASSROOM SITE

1 FUND ESTABLISHED BY SECTION 15-977 OR ALLOCATE MONIES FOR A
2 CLASSROOM SITE FUND EXCEPT AS OTHERWISE PROVIDED BY THE LAWS
3 OF THIS STATE.

4 F. THE AUDITOR GENERAL SHALL DEFINE "DIRECT
5 INSTRUCTIONAL EXPENSES" AND "OPERATIONAL SPENDING" FOR THE
6 PURPOSES OF THIS SECTION.

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