

Senate Engrossed

school district budgets; three years

State of Arizona  
Senate  
Fifty-seventh Legislature  
First Regular Session  
2025

# SENATE BILL 1472

AN ACT

AMENDING SECTIONS 15-448, 15-481, 15-901, 15-903, 15-905 AND 15-915,  
ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT BUDGETS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-448, Arizona Revised Statutes, is amended to  
3 read:

4 15-448. Formation of unified school district; board  
5 membership; budget

6 A. One or more common school districts and a high school district  
7 with coterminous or overlapping boundaries may establish a unified school  
8 district pursuant to this section. Unification of a common school  
9 district and a high school district is not authorized by this section if  
10 any of the high school facilities owned by the new unified school district  
11 would not be located within its boundaries.

12 B. Formation of a unified school district shall be by resolutions  
13 approved by the governing boards of the unifying school districts and  
14 certification of approval by such governing boards to the county school  
15 superintendent of the county or counties in which such individual school  
16 districts are located. A common school district and high school district  
17 that unify pursuant to this section shall not exclude from the same  
18 unification a common school district that has overlapping boundaries with  
19 the high school district and that wishes to unify. Except as provided in  
20 subsection D of this section, the formation of a unified school district  
21 becomes effective on July 1 of the next fiscal year following the  
22 certification of the county school superintendent. An election is not  
23 required to form a unified school district pursuant to this section.  
24 Notice of the proposed vote of the governing boards on the resolutions  
25 prescribed in this subsection shall be posted in at least three public  
26 places in each of the school districts proposed to be unified at least  
27 ninety days before the proposed vote. At least ninety days before the  
28 governing boards vote on the resolutions prescribed in this subsection,  
29 the governing boards shall mail a pamphlet to each household with one or  
30 more qualified electors that lists the full cash value, the assessed  
31 valuation and the estimated amount of the primary property taxes and the  
32 estimated amount of the secondary property taxes under the proposed  
33 unification for each of the following:

34 1. An owner-occupied residence whose assessed valuation is the  
35 average assessed valuation of property classified as class three, as  
36 prescribed by section 42-12003 for the current year in the school  
37 district.

38 2. An owner-occupied residence whose assessed valuation is one-half  
39 of the assessed valuation of the residence in paragraph 1 of this  
40 subsection.

41 3. An owner-occupied residence whose assessed valuation is twice  
42 the assessed valuation of the residence in paragraph 1 of this subsection.

43 4. A business whose assessed valuation is the average of the  
44 assessed valuation of property classified as class one, as prescribed by

1 section 42-12001, paragraphs 12 and 13 for the current year in the school  
2 district.

3 C. The boundaries of the unified school district shall be the  
4 boundaries of the former common school district or districts that unify.  
5 The boundaries of the common school district or districts that are not  
6 unifying remain unchanged. The county school superintendent, immediately  
7 on receipt of the approved resolutions prescribed by subsection B of this  
8 section, shall file with the board of supervisors, the county assessor and  
9 the superintendent of public instruction a transcript of the boundaries of  
10 the unified school district. The boundaries shown in the transcript shall  
11 become the legal boundaries of the school districts on July 1 of the next  
12 fiscal year.

13 D. On formation of the unified school district, the governing board  
14 consists of the members of the former school district governing boards and  
15 the members shall hold office until January 1 following the first general  
16 election after formation of the district. For the purpose of all actions  
17 that are necessary to operate the unified district for the next year, the  
18 unified school district governing board is constituted and may conduct  
19 meetings after the adoption of the unification resolutions prescribed by  
20 subsection B of this section.

21 E. Beginning on January 1 following the first general election  
22 after formation of the unified school district, the governing board shall  
23 have five members. At the first general election after the formation of  
24 the district, members shall be elected in the following manner:

25 1. The three candidates receiving the highest, the second highest  
26 and the third highest number of votes shall be elected to four-year terms.

27 2. The two candidates receiving the fourth and fifth highest number  
28 of votes shall be elected to two-year terms. Thereafter all offices shall  
29 have four-year terms.

30 F. The new unified school district may appoint a resident of the  
31 remaining common school district to serve as a nonvoting member of the  
32 governing board to represent the interests of the high school pupils who  
33 reside in the remaining common school district and who attend school in  
34 the unified school district.

35 G. For the first year of operation, the unified school district  
36 governing board shall prepare a consolidated budget based on the student  
37 counts from the school districts comprising the unified school  
38 district. The unified school district may budget for unification  
39 assistance pursuant to section 15-912.01.

40 H. The governing board of the unified school district shall prepare  
41 policies, curricula and budgets for the district. These policies shall  
42 require that:

43 1. The base compensation of each certificated teacher for the first  
44 year of operation of the new unified school district shall not be lower

1 than the certificated teacher's base compensation for the prior year in  
2 the previously existing school districts.

3         2. The certificated teacher's years of employment in the previously  
4 existing school districts shall be included in determining the teacher's  
5 certificated years of employment in the new unified school district.

6         I. On formation of a unified school district, any existing override  
7 authorization of the former high school district and the former common  
8 school district or districts shall continue until expiration based on the  
9 revenue control limit of the school district or districts that had  
10 override authorization before unification. The unified school district  
11 may request new override authorization for ~~the~~ ONE OR MORE budget ~~year~~  
12 YEARS as provided in section 15-481 based on the combined revenue control  
13 limit of the new district after unification. If the unified school  
14 district's request for override authorization is approved, it will replace  
15 any existing override for ~~the~~ EACH budget year FOR WHICH AN OVERRIDE  
16 AUTHORIZATION IS APPROVED.

17         J. The unified school district shall admit high school pupils who  
18 reside in a common school district that was located within the boundaries  
19 of the former high school district. For the purposes of determining  
20 student count and for apportionment of state aid, the school membership of  
21 these pupils is deemed to be enrollment in the unified school district.

22         K. All assets and liabilities of the unifying school districts  
23 shall be transferred and assumed by the new unified school district. Any  
24 existing bonded indebtedness of a common school district or a high school  
25 district unifying pursuant to this section shall be assumed by the new  
26 unified school district and shall be regarded as an indebtedness of the  
27 new unified school district for the purpose of determining the debt  
28 incurring authority of the district. Taxes for the payment of such bonded  
29 indebtedness shall be levied on all taxable property in the new unified  
30 school district, but nothing in this subsection shall be construed to  
31 relieve from liability to taxation for the payment of all taxable property  
32 of the former high school district if necessary to prevent a default in  
33 the payment of any bonded indebtedness of the former high school district.  
34 The residents of a common school district that does not unify shall not  
35 vote in bond or override elections of the unified school district and  
36 shall not be assessed taxes as a result of a bond or override election of  
37 the unified school district.

38         L. If the remaining common school district had authorization for an  
39 override as provided in section 15-481 or 15-482, the override  
40 authorization continues for the remaining common school district or  
41 districts in the same manner as before the formation of the unified school  
42 district.

43         M. The bonding authorization and bonding limitations continue for  
44 the remaining common school district or districts in the same manner as  
45 before the formation of the unified school district.

1 N. This section does not relieve a school district formed pursuant  
2 to section 15-457 or 15-458 of its liability for any outstanding bonded  
3 indebtedness.

4 O. For school districts that become unified after July 1, 2004 and  
5 where all of the common schools were eligible for the small school  
6 district weight pursuant to section 15-943, paragraph 1, subdivision (a)  
7 when computing their base support level and base revenue control limit  
8 before unification, the unified school district may continue to use the  
9 small school district weight as follows:

10 1. Annually determine the common school student count and the  
11 weighted student count pursuant to section 15-943, paragraph 1,  
12 subdivision (a) for each common school district before unification.

13 2. Calculate the sum of the common school districts' student counts  
14 and weighted student counts determined in paragraph 1 of this subsection.

15 3. Divide the sum of the weighted student counts by the sum of the  
16 student counts determined in paragraph 2 of this subsection.

17 4. The amount determined in paragraph 3 of this subsection shall be  
18 the weight for the common schools in the unified school district.

19 P. A unified school district may calculate its revenue control  
20 limit and district support level by using subsection O of this section as  
21 follows:

22 1. Determine the number of individual school districts that existed  
23 before unification into a single school district.

24 2. Multiply the amount determined in paragraph 1 of this subsection  
25 by six hundred.

26 3. Multiply the amount determined in paragraph 2 of this subsection  
27 by 0.80.

28 4. If the amount determined in paragraph 3 of this subsection  
29 exceeds the student count of the unified school district, the unified  
30 school district is eligible to use subsection O of this section.

31 Q. Subsections O and P of this section shall remain in effect until  
32 the aggregate student count of the common school districts before  
33 unification exceeds the aggregate number of students of the common school  
34 districts before unification authorized to utilize section 15-943,  
35 paragraph 1, subdivision (a).

36 Sec. 2. Section 15-481, Arizona Revised Statutes, is amended to  
37 read:

38 15-481. Override election; budget increases; informational  
39 pamphlet; notice; ballot; effect

40 A. If a proposed budget of a school district exceeds the aggregate  
41 budget limit for ~~the~~ ANY budget year, at least ninety days before the  
42 proposed election the governing board shall order an override election to  
43 be held on the first Tuesday following the first Monday in November as  
44 prescribed by section 16-204, subsection F for the purpose of presenting  
45 the proposed budget to the qualified electors of the school district who

1 by a majority of those voting either shall affirm or reject the  
2 budget. At the same time as the order of the election, the governing  
3 board shall publicly declare the deadline for submitting arguments, as set  
4 by the county school superintendent pursuant to subsection B, paragraph 9  
5 of this section, to be submitted in the informational pamphlet and shall  
6 immediately post the deadline in a prominent location on the district's  
7 website. In addition, the governing board shall prepare an alternate  
8 budget that does not include an increase in the budget of more than the  
9 amount allowed as provided in section 15-905. If the qualified electors  
10 approve the proposed budget, the governing board of the school district  
11 shall follow the procedures prescribed in section 15-905 for adopting a  
12 budget that includes the authorized increase. If the qualified electors  
13 disapprove the proposed budget, the governing board shall follow the  
14 procedures prescribed in section 15-905 for adopting a budget that does  
15 not include the proposed increase or the portion of the proposed increase  
16 that exceeds the amount authorized by a previously approved budget  
17 increase as prescribed in subsection P of this section.

18 B. The county school superintendent shall prepare an informational  
19 pamphlet on the proposed increase in the budget and a sample ballot and,  
20 at least forty days before the election, shall transmit the informational  
21 pamphlet and the sample ballot to the governing board of the school  
22 district. The governing board, on receipt of the informational pamphlet  
23 and the ballot, shall mail or distribute the informational pamphlet and  
24 the ballot to the households in which qualified electors reside within the  
25 school district at least thirty-five days before the election. Any  
26 distribution of material concerning the proposed increase in the budget  
27 shall not be conducted by children enrolled in the school district. The  
28 informational pamphlet shall contain the following information:

- 29 1. The date of the election.
- 30 2. The voter's polling place and the times it is open.
- 31 3. The proposed total increase in the budget that exceeds the  
32 amount allowed pursuant to section 15-905.
- 33 4. The total amount of the current year's budget, the total amount  
34 of the proposed budget and the total amount of the alternate budget.
- 35 5. If the override is for a period of more than one year, a  
36 statement indicating the number of years the proposed increase in the  
37 budget would be in effect and the percentage of the school district's  
38 revenue control limit that the district is requesting for the future  
39 years.
- 40 6. The proposed total amount of revenues that will fund the  
41 increase in the budget and the amount that will be obtained from a levy of  
42 taxes on the taxable property within the school district for the first  
43 year for which the budget increase was adopted.

1       7. The proposed amount of revenues that will fund the increase in  
2 the budget and that will be obtained from other than a levy of taxes on  
3 the taxable property within the school district for the first year for  
4 which the budget increase was adopted.

5       8. The dollar amount and the purpose for which the proposed  
6 increase in the budget is to be expended for the first year for which the  
7 budget increase was adopted. The purpose statement shall only present  
8 factual information in a neutral manner. Advocacy for the expenditures is  
9 strictly limited to the arguments submitted pursuant to paragraph 9 of  
10 this subsection.

11       9. At least two arguments, if submitted, but not more than ten  
12 arguments for and two arguments, if submitted, but not more than ten  
13 arguments against the proposed increase in the budget. The arguments  
14 shall be in a form prescribed by the county school superintendent, and  
15 each argument shall not exceed two hundred words. Arguments for the  
16 proposed increase in the budget shall be provided in writing and signed by  
17 the governing board. The ballot arguments for the proposed increase in  
18 the budget shall be signed as the governing board of the school district  
19 without listing any member's individual name for the arguments for the  
20 proposed increase. If submitted, additional arguments in favor of the  
21 proposed increase in the budget shall be provided in writing with a  
22 signed, sworn statement by those in favor. Arguments against the proposed  
23 increase in the budget shall be provided in writing with a signed, sworn  
24 statement by those in opposition. If the argument is submitted by an  
25 organization, it shall contain the sworn statement of two executive  
26 officers of the organization. If the argument is submitted by a political  
27 committee, it shall contain the sworn statement of the committee's  
28 chairperson or treasurer. If the argument is submitted by an individual  
29 and not on behalf of an organization, a political committee or any other  
30 group, the person shall submit the argument with a sworn, notarized  
31 statement. The names of persons and entities submitting written arguments  
32 shall be included in the informational pamphlet. Persons signing the  
33 argument shall identify themselves by giving their residence address and  
34 telephone number, which may not appear in the informational pamphlet,  
35 except that the person's city or town and state of residence shall appear  
36 in the pamphlet. Any argument that is submitted and that does not comply  
37 with this paragraph may not be included in the pamphlet. The county  
38 school superintendent shall review all factual statements contained in the  
39 written arguments and correct any inaccurate statements of fact. The  
40 superintendent shall not review and correct any portion of the written  
41 arguments that are identified as statements of the author's opinion. The  
42 county school superintendent shall make the written arguments available to  
43 the public as provided in title 39, chapter 1, article 2. A deadline for  
44 submitting arguments to be included in the informational pamphlet shall be  
45 set by the county school superintendent.

1        10. A statement that the alternate budget shall be adopted by the  
2 governing board if the proposed budget is not adopted by the qualified  
3 electors of the school district.

4        11. The current limited property value and the net assessed  
5 valuation provided by the department of revenue, the first year tax rate  
6 for the proposed override and the estimated amount of the secondary  
7 property taxes if the proposed budget is adopted for each of the  
8 following:

9        (a) An owner-occupied residence whose assessed valuation is the  
10 average assessed valuation of property classified as class three, as  
11 prescribed by section 42-12003 for the current year in the school  
12 district.

13        (b) An owner-occupied residence whose assessed valuation is  
14 one-half of the assessed valuation of the residence in subdivision (a) of  
15 this paragraph.

16        (c) An owner-occupied residence whose assessed valuation is twice  
17 the assessed valuation of the residence in subdivision (a) of this  
18 paragraph.

19        (d) A business whose assessed valuation is the average of the  
20 assessed valuation of property classified as class one, as prescribed by  
21 section 42-12001, paragraphs 12 and 13 for the current year in the school  
22 district.

23        12. If the election is conducted pursuant to subsection L or M of  
24 this section, the following information:

25        (a) An executive summary of the school district's most recent  
26 capital improvement plan submitted to the school facilities oversight  
27 board.

28        (b) A complete list of each proposed capital improvement that will  
29 be funded with the budget increase and a description of the proposed cost  
30 of each improvement, including a separate aggregation of capital  
31 improvements for administrative purposes as defined by the school  
32 facilities oversight board.

33        (c) The tax rate associated with each of the proposed capital  
34 improvements and the estimated cost of each capital improvement for the  
35 owner of a single family home that is valued at \$80,000.

36        C. For the purpose of this section, the school district may use its  
37 staff, equipment, materials, buildings or other resources only to  
38 distribute the informational pamphlet at the school district office or at  
39 public hearings and to produce such information as required in subsection  
40 B of this section. This subsection does not preclude school districts  
41 from holding or participating in any public hearings at which testimony is  
42 given by at least one person for the proposed increase and one person  
43 against the proposed increase. Any written information provided by the  
44 district pertaining to the override election shall include financial

1 information showing the estimated first year tax rate for the proposed  
2 budget override amount.

3 D. If any amount of the proposed increase will be funded by a levy  
4 of taxes in the district, the election prescribed in subsection A of this  
5 section shall be held on the first Tuesday following the first Monday in  
6 November as prescribed by section 16-204, subsection F. If the proposed  
7 increase will be fully funded by revenues from other than a levy of taxes,  
8 the elections prescribed in subsection A of this section shall be held on  
9 any date prescribed by section 16-204. The elections shall be conducted  
10 as nearly as practicable in the manner prescribed in article 1 of this  
11 chapter, sections 15-422, ~~through 15-423~~, 15-424 and ~~section~~ 15-426,  
12 relating to special elections, except that:

13 1. The notices required pursuant to section 15-403 shall be posted  
14 not less than twenty-five days before the election.

15 2. Ballots shall be counted pursuant to title 16, chapter 4,  
16 article 10.

17 E. If the election is to exceed the revenue control limit and if  
18 the proposed increase will be fully funded by a levy of taxes on the  
19 taxable property within the school district, the ballot shall contain the  
20 words "budget increase, yes" and "budget increase, no", and the voter  
21 shall signify the voter's desired choice. The ballot shall also contain  
22 the amount of the proposed increase of the proposed budget over the  
23 alternate budget, a statement that the amount of the proposed increase  
24 will be based on a percentage of the school district's revenue control  
25 limit in future years, if applicable, as provided in subsection P of this  
26 section and the following statement:

27 Any budget increase authorized by this election shall be  
28 entirely funded by a levy of taxes on the taxable property  
29 within this school district for the year for which adopted and  
30 for \_\_\_\_ subsequent years, shall not be realized from monies  
31 furnished by the state and shall not be subject to the  
32 limitation on taxes specified in article IX, section 18,  
33 Constitution of Arizona. Based on the current net assessed  
34 valuation used for secondary property tax purposes, to fund  
35 the proposed increase in the school district's budget would  
36 require an estimated tax rate of \$\_\_\_\_\_ per \$100 of  
37 net assessed valuation used for secondary property tax  
38 purposes and is in addition to the school district's tax rate  
39 that will be levied to fund the school district's revenue  
40 control limit allowed by law.

41 F. If the election is to exceed the revenue control limit and if  
42 the proposed increase will be fully funded by revenues from other than a  
43 levy of taxes on the taxable property within the school district, the  
44 ballot shall contain the words "budget increase, yes" and "budget

1 increase, no", and the voter shall signify the voter's desired choice.  
2 The ballot shall also contain:

3 1. The amount of the proposed increase of the proposed budget over  
4 the alternate budget.

5 2. A statement that the amount of the proposed increase will be  
6 based on a percentage of the school district's revenue control limit in  
7 future years, if applicable, as provided in subsection P of this section.

8 3. The following statement:

9 Any budget increase authorized by this election shall be  
10 entirely funded by this school district with revenues from  
11 other than a levy of taxes on the taxable property within the  
12 school district for the year for which adopted and for \_\_\_\_\_  
13 subsequent years and shall not be realized from monies  
14 furnished by the state.

15 G. Except as provided in subsection H of this section, the maximum  
16 budget increase that may be requested and authorized as provided in  
17 subsection E or F of this section or the combination of subsections E and  
18 F of this section is fifteen percent of the revenue control limit as  
19 provided in section 15-947, subsection A for ~~the~~ ANY budget year. If a  
20 school district requests an override pursuant to section 15-482 or to  
21 continue with a budget override pursuant to section 15-482 for pupils in  
22 kindergarten programs and grades one through three that was authorized  
23 before December 31, 2008, the maximum budget increase that may be  
24 requested and authorized as provided in subsection E or F of this section  
25 or the combination of subsections E and F of this section is ten percent  
26 of the revenue control limit as provided in section 15-947, subsection A  
27 for ~~the~~ ANY budget year.

28 H. Special budget override provisions for school districts with a  
29 student count of less than one hundred fifty-four in kindergarten programs  
30 and grades one through eight or with a student count of less than one  
31 hundred seventy-six in grades nine through twelve are as follows:

32 1. The maximum budget increase that may be requested and authorized  
33 as provided in subsections E and F of this section is the greater of the  
34 amount prescribed in subsection G of this section or a limit computed as  
35 follows:

36 (a) For common or unified districts with a student count of less  
37 than one hundred fifty-four in kindergarten programs and grades one  
38 through eight, the limit computed as prescribed in item (i) or (ii) of  
39 this subdivision, whichever is appropriate:

40 (i)

41	Small School	Support Level Weight	Phase Down
42	Student	for Small Isolated	Reduction
43	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
44	_____ - <u>125</u>	x 1.358 + (0.0005 x	x \$ _____ = \$ _____
45		(500 - Student Count))	

1  
2                   Phase Down           Phase Down                   Small Isolated  
3                   Base           Reduction Factor           School District  
4                   \$150,000   -   \$                   = \$           Elementary Limit

5           (ii)

6           Small School   Support Level Weight                   Phase Down  
7 Student   Student           for Small                   Reduction  
8 Count   Count Limit   School Districts           Base Level   Factor  
9           -   125   x 1.278 + (0.0003 x   x \$           = \$  
10                                   (500 - Student Count))

11  
12                   Phase Down           Phase Down                   Small  
13                   Base           Reduction Factor           School District  
14                   \$150,000   -   \$                   = \$           Elementary Limit

15           (b) For unified or union high school districts with a student count  
16 of less than one hundred seventy-six in grades nine through twelve, the  
17 limit computed as prescribed in item (i) or (ii) of this subdivision,  
18 whichever is appropriate:

19           (i)

20           Small School   Support Level Weight                   Phase Down  
21 Student   Student           for Small Isolated                   Reduction  
22 Count   Count Limit   School Districts           Base Level   Factor  
23           -   100   x 1.468 + (0.0005 x   x \$           = \$  
24                                   (500 - Student Count))

25  
26                   Phase Down           Phase Down                   Small Isolated  
27                   Base           Reduction Factor           District  
28                   \$350,000   -   \$                   = \$           Secondary Limit

29           (ii)

30           Small School   Support Level Weight                   Phase Down  
31 Student   Student           for Small                   Reduction  
32 Count   Count Limit   School Districts           Base Level   Factor  
33           -   100   x 1.398 + (0.0004 x   x \$           = \$  
34                                   (500 - Student Count))

35  
36                   Phase Down           Phase Down                   Small  
37                   Base           Reduction Factor           School District  
38                   \$350,000   -   \$                   = \$           Secondary Limit

39           (c) If both subdivisions (a) and (b) of this paragraph apply to a  
40 unified school district, its limit for the purposes of this paragraph is  
41 the combination of its elementary limit and its secondary limit.

42           (d) If only subdivision (a) or (b) of this paragraph applies to a  
43 unified school district, the district's limit for the purposes of this  
44 paragraph is the sum of the limit computed as provided in subdivision (a)  
45 or (b) of this paragraph plus ten percent of the revenue control limit

1 attributable to those grade levels that do not meet the eligibility  
2 requirements of this subsection. If a school district budgets monies  
3 outside the revenue control limit pursuant to section 15-949, subsection  
4 E, the district's limit for the purposes of this paragraph is only the ten  
5 percent of the revenue control limit attributable to those grade levels  
6 that are not included under section 15-949, subsection E. For the  
7 purposes of this subdivision, the revenue control limit is separated into  
8 elementary and secondary components based on the weighted student count as  
9 provided in section 15-971, subsection B, paragraph 2, subdivision (a).

10       2. If a school district utilizes this subsection to request an  
11 override of more than one year, the ballot shall include an estimate of  
12 the amount of the proposed increase in the future years in place of the  
13 statement that the amount of the proposed increase will be based on a  
14 percentage of the school district's revenue control limit in future years,  
15 as prescribed in subsections E and F of this section.

16       3. Notwithstanding subsection P of this section, the maximum period  
17 of an override authorized pursuant to this subsection is five years.

18       4. Subsection P, paragraphs 1 and 2 of this section do not apply to  
19 overrides authorized pursuant to this subsection.

20       I. If the election is to exceed the revenue control limit as  
21 provided in section 15-482 and if the proposed increase will be fully  
22 funded by a levy of taxes on the taxable property within the school  
23 district, the ballot shall contain the words "budget increase, yes" and  
24 "budget increase, no", and the voter shall signify the voter's desired  
25 choice. The ballot shall also contain the amount of the proposed increase  
26 of the budget over the alternate budget, a statement that the amount of  
27 the proposed increase will be based on a percentage of the school  
28 district's revenue control limit in future years, if applicable, as  
29 provided in subsection Q of this section, and the following statement:

30           Any budget increase authorized by this election shall be  
31 entirely funded by a levy of taxes on the taxable property  
32 within this school district for the year for which adopted and  
33 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
34 furnished by the state and shall not be subject to the  
35 limitation on taxes specified in article IX, section 18,  
36 Constitution of Arizona. Based on the current net assessed  
37 valuation used for secondary property tax purposes, to fund  
38 the proposed increase in the school district's budget that  
39 will be funded by a levy of taxes on the taxable property  
40 within this school district would require an estimated tax  
41 rate of \$\_\_\_\_\_ per \$100 of net assessed valuation used  
42 for secondary property tax purposes and is in addition to the  
43 school district's tax rate that will be levied to fund the  
44 school district's revenue control limit allowed by law.

1 J. If the election is to exceed the revenue control limit as  
2 provided in section 15-482 and if the proposed increase will be fully  
3 funded by revenues other than a levy of taxes on the taxable property  
4 within the school district, the ballot shall contain the words "budget  
5 increase, yes" and "budget increase, no", and the voter shall signify the  
6 voter's desired choice. The ballot shall also contain the amount of the  
7 proposed increase of the proposed budget over the alternate budget, a  
8 statement that the amount of the proposed increase will be based on a  
9 percentage of the school district's revenue control limit in future years,  
10 if applicable, as provided in subsection Q of this section and the  
11 following statement:

12 Any budget increase authorized by this election shall be  
13 entirely funded by this school district with revenues from  
14 other than a levy of taxes on the taxable property within the  
15 school district for the year for which adopted and for \_\_\_\_\_  
16 subsequent years and shall not be realized from monies  
17 furnished by the state.

18 K. The maximum budget increase that may be requested and authorized  
19 as provided in subsection I or J of this section, or a combination of both  
20 of these subsections, is five percent of the revenue control limit as  
21 provided in section 15-947, subsection A for ~~the~~ ANY budget year. For a  
22 common school district not within a high school district or a common  
23 school district within a high school district that offers instruction in  
24 high school subjects as provided in section 15-447, five percent of the  
25 revenue control limit means five percent of the revenue control limit  
26 attributable to the weighted student count in preschool programs for  
27 children with disabilities, kindergarten programs and grades one through  
28 eight as provided in section 15-971, subsection B. For a unified school  
29 district, five percent of the revenue control limit means five percent of  
30 the revenue control limit attributable to the weighted student count in  
31 preschool programs for children with disabilities, kindergarten programs  
32 and grades one through twelve. For a union high school district, five  
33 percent of the revenue control limit means five percent of the revenue  
34 control limit attributable to the weighted student count in grades nine  
35 through twelve.

36 L. If the election is to exceed district additional assistance and  
37 if the proposed increase will be fully funded by a levy of taxes on the  
38 taxable property within the school district, the ballot shall contain the  
39 words "budget increase, yes" and "budget increase, no", and the voter  
40 shall signify the voter's desired choice. An election held pursuant to  
41 this subsection shall be held on the first Tuesday after the first Monday  
42 of November. The ballot shall also contain the amount of the proposed  
43 increase of the proposed budget over the alternate budget and the  
44 following statement:

1           Any budget increase authorized by this election shall be  
 2           entirely funded by a levy of taxes on the taxable property  
 3           within this school district for the year in which adopted and  
 4           for \_\_\_\_\_ subsequent years, shall not be realized from monies  
 5           furnished by the state and shall not be subject to the  
 6           limitation on taxes specified in article IX, section 18,  
 7           Constitution of Arizona. Based on the current net assessed  
 8           valuation used for secondary property tax purposes, to fund  
 9           the proposed increase in the school district's budget would  
 10          require an estimated tax rate of \$\_\_\_\_\_ per \$100 of net  
 11          assessed valuation used for secondary property tax purposes  
 12          and is in addition to the school district's tax rate that will  
 13          be levied to fund the school district's district additional  
 14          assistance allowed by law.

15          M. If the election is to exceed district additional assistance and  
 16          if the proposed increase will be fully funded by revenues from other than  
 17          a levy of taxes on the taxable property within the school district, the  
 18          ballot shall contain the words "budget increase, yes" and "budget  
 19          increase, no", and the voter shall signify the voter's desired choice. An  
 20          election held pursuant to this subsection shall be held on the first  
 21          Tuesday after the first Monday of November. The ballot shall also contain  
 22          the amount of the proposed increase of the proposed budget over the  
 23          alternate budget and the following statement:

24               Any budget increase authorized by this election shall be  
 25               entirely funded by this school district with revenues from  
 26               other than a levy of taxes on the taxable property within the  
 27               school district for the year in which adopted and for \_\_\_\_\_  
 28               subsequent years and shall not be realized from monies  
 29               furnished by the state.

30          N. If the election is to exceed a combination of the revenue  
 31          control limit as provided in subsection E or F of this section, the  
 32          revenue control limit as provided in subsection I or J of this section or  
 33          district additional assistance as provided in subsection L or M of this  
 34          section, the ballot shall be prepared so that the voters may vote on each  
 35          proposed increase separately and shall contain statements required in the  
 36          same manner as if each proposed increase were submitted separately.

37          O. If the election provides for a levy of taxes on the taxable  
 38          property within the school district, at least thirty days before the  
 39          election, the department of revenue shall provide the school district  
 40          governing board and the county school superintendent with the current net  
 41          assessed valuation of the school district. The governing board and the  
 42          county school superintendent shall use the current net assessed valuation  
 43          of the school district to translate the amount of the proposed dollar  
 44          increase in the budget of the school district over that allowed by law  
 45          into a tax rate figure.

1 P. If the voters in a school district vote to adopt a budget in  
 2 excess of the revenue control limit as provided in subsection E or F of  
 3 this section, any additional increase shall be included in the aggregate  
 4 budget limit for each of the years authorized. Any additional increase  
 5 shall be excluded from the determination of equalization assistance. The  
 6 school district governing board, however, may levy on the net assessed  
 7 valuation used for secondary property tax purposes of the property in the  
 8 school district the additional increase if adopted under subsection E of  
 9 this section for the period of one year, two years or five through seven  
 10 years as authorized. If an additional increase is approved as provided in  
 11 subsection F of this section, the school district governing board may only  
 12 use revenues derived from the school district's prior year's maintenance  
 13 and operation fund ending cash balance to fund the additional increase.  
 14 If a budget increase was previously authorized and will be in effect for  
 15 ~~the~~ AT LEAST ONE budget year or ~~THE~~ budget ~~year~~ YEARS and subsequent  
 16 years, as provided in subsection E or F of this section, the governing  
 17 board may request a new budget increase as provided in the same subsection  
 18 under which the prior budget increase was adopted, which shall not exceed  
 19 the maximum amount allowed under subsection G of this section. If the  
 20 voters in the school district authorize the new budget increase amount,  
 21 the existing budget increase no longer is in effect. If the voters in the  
 22 school district do not authorize the budget increase amount, the existing  
 23 budget increase remains in effect for the time period for which it was  
 24 authorized. The maximum additional increase authorized as provided in  
 25 subsection E or F of this section and the additional increase that is  
 26 included in the aggregate budget limit is based on a percentage of a  
 27 school district's revenue control limit in future years, if the budget  
 28 increase is authorized for more than one year. If the additional  
 29 increase:

30 1. Is for two years, the proposed increase in the second year is  
 31 equal to the initial proposed percentage increase.

32 2. Is for five years or more, the proposed increase is equal to the  
 33 initial proposed percentage increase in the following years of the  
 34 proposed increase, except that in the next to last year it is two-thirds  
 35 of the initial proposed percentage increase and it is one-third of the  
 36 initial proposed percentage increase in the last year of the proposed  
 37 increase.

38 Q. If the voters in a school district vote to adopt a budget in  
 39 excess of the revenue control limit as provided in subsection I or J of  
 40 this section, any additional increase shall be included in the aggregate  
 41 budget limit for each of the years authorized. Any additional increase  
 42 shall be excluded from the determination of equalization assistance. The  
 43 school district governing board, however, may levy on the net assessed  
 44 valuation used for secondary property tax purposes of the property in the  
 45 school district the additional increase if adopted under subsection I of

1 this section for the period of one year, two years or five through seven  
2 years as authorized. If an additional increase is approved as provided in  
3 subsection J of this section, the increase may only be budgeted and  
4 expended if sufficient monies are available in the maintenance and  
5 operation fund of the school district. If a budget increase was  
6 previously authorized and will be in effect for ~~the~~ AT LEAST ONE budget  
7 year or THE budget ~~year~~ YEARS and subsequent years, as provided in  
8 subsection I or J of this section, the governing board may request a new  
9 budget increase as provided in the same subsection under which the prior  
10 budget increase was adopted that does not exceed the maximum amount  
11 permitted under subsection K of this section. If the voters in the school  
12 district authorize the new budget increase amount, the existing budget  
13 increase no longer is in effect. If the voters in the school district do  
14 not authorize the budget increase amount, the existing budget increase  
15 remains in effect for the time period for which it was authorized. The  
16 maximum additional increase authorized as provided in subsection I or J of  
17 this section and the additional increase that is included in the aggregate  
18 budget limit is based on a percentage of a school district's revenue  
19 control limit in future years, if the budget increase is authorized for  
20 more than one year. If the additional increase:

21 1. Is for two years, the proposed increase in the second year is  
22 equal to the initial proposed percentage increase.

23 2. Is for five years or more, the proposed increase is equal to the  
24 initial proposed percentage increase in the following years of the  
25 proposed increase, except that in the next to last year it is two-thirds  
26 of the initial proposed percentage increase and it is one-third of the  
27 initial proposed percentage increase in the last year of the proposed  
28 increase.

29 R. If the voters in a school district vote to adopt a budget in  
30 excess of district additional assistance as provided in subsection L of  
31 this section, any additional increase shall be included in the aggregate  
32 budget limit for each of the years authorized. The additional increase  
33 shall be excluded from the determination of equalization assistance. The  
34 school district governing board, however, may levy on the net assessed  
35 valuation used for secondary property tax purposes of the property in the  
36 school district the additional increase for the period authorized but not  
37 to exceed ten years. For overrides approved by a vote of the qualified  
38 electors of the school district at an election held from and after  
39 October 31, 1998, the period of the additional increase prescribed in this  
40 subsection shall not exceed seven years for any capital override election.

41 S. If the voters in a school district vote to adopt a budget in  
42 excess of district additional assistance as provided in subsection M of  
43 this section, any additional increase shall be included in the aggregate  
44 budget limit for each of the years authorized. The additional increase  
45 shall be excluded from the determination of equalization assistance. The

1 school district governing board may only use revenues derived from the  
2 school district's prior year's maintenance and operation fund ending cash  
3 balance and capital outlay fund ending cash balance to fund the additional  
4 increase for the period authorized but not to exceed ten years. For  
5 overrides approved by a vote of the qualified electors of the school  
6 district at an election held from and after October 31, 1998, the period  
7 of the additional increase prescribed in this subsection shall not exceed  
8 seven years for any capital override election.

9 T. In addition to subsections P and S of this section, from the  
10 maintenance and operation fund and capital outlay fund ending cash  
11 balances, the school district governing board shall first use any  
12 available revenues to reduce its primary tax rate to zero and shall use  
13 any remaining revenues to fund the additional increase authorized as  
14 provided in subsections F and M of this section.

15 U. If the voters in a school district disapprove the proposed  
16 budget, the alternate budget that, except for any budget increase  
17 authorized by a prior election, does not include an increase in the budget  
18 in excess of the amount provided in section 15-905 shall be adopted by the  
19 governing board as provided in section 15-905.

20 V. The governing board may request that any override election be  
21 cancelled if any change in chapter 9 of this title changes the amount of  
22 the aggregate budget limit as provided in section 15-905. The request to  
23 cancel the override election shall be made to the county school  
24 superintendent at least eighty days before the date of the scheduled  
25 override election.

26 W. For any election conducted pursuant to subsection L or M of this  
27 section:

28 1. The ballot shall include the following statement in addition to  
29 any other statement required by this section:

30 The capital improvements that are proposed to be funded  
31 through this override election are to exceed the state  
32 standards and are in addition to monies provided by the state.

33 \_\_\_\_\_ school district is proposing to increase its  
34 budget by \$\_\_\_\_\_ to fund capital improvements over and  
35 above those funded by the state. Under the students first  
36 capital funding system, \_\_\_\_\_ school district is entitled  
37 to state monies for new construction and renovation of school  
38 buildings in accordance with state law.

39 2. The ballot shall contain the words "budget increase, yes" and  
40 "budget increase, no", and the voter shall signify the voter's desired  
41 choice.

42 3. At least eighty-five days before the election, the school  
43 district shall submit proposed ballot language to the director of the  
44 Arizona legislative council. The director of the Arizona legislative  
45 council shall review the proposed ballot language to determine whether the

1 proposed ballot language complies with this section. If the director of  
2 the Arizona legislative council determines that the proposed ballot  
3 language does not comply with this section, the director, within ten  
4 calendar days after receiving the proposed ballot language, shall notify  
5 the school district of the director's objections, and the school district  
6 shall resubmit revised ballot language to the director for approval.

7 X. If the voters approve the budget increase pursuant to subsection  
8 L or M of this section, the school district shall not use the override  
9 proceeds for any purposes other than the proposed capital improvements  
10 listed in the informational pamphlet, except that up to ten percent of the  
11 override proceeds may be used for general capital expenses, including cost  
12 overruns of proposed capital improvements.

13 Y. Each school district that currently increases its budget  
14 pursuant to this section shall hold a public meeting each year between  
15 September 1 and October 31 at which an update of the programs or capital  
16 improvements financed through the override is discussed and at which the  
17 public is allowed an opportunity to comment and:

18 1. If the increase is pursuant to subsection L or M of this  
19 section, at a minimum, the update shall include the progress of capital  
20 improvements financed through the override, a comparison of the current  
21 status and the original projections on the construction of capital  
22 improvements, the costs of capital improvements and the costs of capital  
23 improvements in progress or completed since the prior meeting and the  
24 future capital plans of the school district. The school district shall  
25 include in the public meeting a discussion of the school district's use of  
26 state capital aid and voter-approved bonding in funding capital  
27 improvements, if any.

28 2. If the increase is pursuant to subsection E, F, I or J of this  
29 section, the update shall include at a minimum the amount expended in the  
30 previous fiscal year and the amount included in the current budget for  
31 each of the purposes listed in the informational pamphlet prescribed by  
32 subsection B of this section.

33 Z. If a budget in excess of district additional assistance was  
34 previously adopted by the voters in a school district and will be in  
35 effect for ~~the~~ AT LEAST ONE budget year or THE budget ~~year~~ YEARS and  
36 subsequent years, as provided in subsection L or M of this section, the  
37 governing board may request an additional budget in excess of district  
38 additional assistance. If the voters in a school district authorize the  
39 additional budget in excess of district additional assistance, the  
40 existing district additional assistance budget increase remains in effect.

41 AA. Notwithstanding any other law, the maximum budget increase that  
42 may be authorized pursuant to subsection L or M of this section is ten  
43 percent of the school district's revenue control limit.

44 BB. If the election is to continue to exceed the revenue control  
45 limit and if the proposed override will be fully funded by a continuation

1 of a levy of taxes on the taxable property in the school district, the  
2 ballot shall contain the words "budget override continuation, yes" and  
3 "budget override continuation, no", and the voter shall signify the  
4 voter's desired choice. The ballot shall also contain the amount of the  
5 proposed continuation of the budget increase of the proposed budget over  
6 the alternate budget, a statement that the amount of the proposed increase  
7 will be based on a percentage of the school district's revenue control  
8 limit in future years, if applicable, as provided in subsection P of this  
9 section and the following statement:

10       Any budget increase continuation authorized by this  
11 election shall be entirely funded by a levy of taxes on the  
12 taxable property in this school district for the year for  
13 which adopted and for \_\_\_\_\_ subsequent years, shall not be  
14 realized from monies furnished by the state and shall not be  
15 subject to the limitation on taxes specified in article IX,  
16 section 18, Constitution of Arizona. Based on the current net  
17 assessed valuation used for secondary property tax purposes,  
18 to fund the proposed continuation of the increase in the  
19 school district's budget would require an estimated  
20 continuation of a tax rate of \$\_\_\_\_\_ per \$100 of  
21 assessed valuation used for secondary property tax purposes  
22 and is in addition to the school district's tax rate that will  
23 be levied to fund the school district's revenue control limit  
24 allowed by law.

25       CC. If the election is to continue to exceed the revenue control  
26 limit as provided in section 15-482 and if the proposed override will be  
27 fully funded by a continuation of a levy of taxes on the taxable property  
28 in the school district, the ballot shall contain the words "budget  
29 override continuation, yes" and "budget override continuation, no", and  
30 the voter shall signify the voter's desired choice. The ballot shall also  
31 contain the amount of the proposed continuation of the budget increase of  
32 the proposed budget over the alternate budget, a statement that the amount  
33 of the proposed increase will be based on a percentage of the school  
34 district's revenue control limit in future years, if applicable, as  
35 provided in subsection P of this section and the following statement:

36       Any budget increase continuation authorized by this  
37 election shall be entirely funded by a levy of taxes on the  
38 taxable property in this school district for the year for which  
39 adopted and for \_\_\_\_\_ subsequent years, shall not be realized  
40 from monies furnished by the state and shall not be subject to  
41 the limitation on taxes specified in article IX, section 18,  
42 Constitution of Arizona. Based on the current net assessed  
43 valuation used for secondary property tax purposes, to fund the  
44 proposed continuation of the increase in the school district's  
45 budget would require an estimated continuation of a tax rate of

1       \$\_\_\_\_\_ per \$100 of net assessed valuation used for  
2       secondary property tax purposes and is in addition to the  
3       school district's tax rate that will be levied to fund the  
4       school district's revenue control limit allowed by law.

5       Sec. 3. Section 15-901, Arizona Revised Statutes, is amended to  
6 read:

7       15-901. Definitions

8       A. In this title, unless the context otherwise requires:

9       1. "Average daily membership" means the total enrollment of  
10 fractional students and full-time students, minus withdrawals, of each  
11 school day through the first one hundred days or two hundred days in  
12 session, as applicable, for the current year. For the purposes of this  
13 paragraph, "withdrawals" means students who are formally withdrawn from  
14 schools or students who are absent for ten consecutive school days, except  
15 for excused absences identified by the department of education. For  
16 computation purposes, a student who is absent for nine or fewer  
17 consecutive school days, including the last day of the school year, is not  
18 a withdrawal and may not be subtracted from the total enrollment of  
19 fractional students and full-time students. For the purposes of this  
20 section, school districts and charter schools shall report student absence  
21 data to the department of education at least once every sixty days in  
22 session. For computation purposes, the effective date of withdrawal shall  
23 be retroactive to the last day of actual attendance of the student or  
24 excused absence. A school district or charter school may satisfy any of  
25 the time and hours requirements prescribed in this subsection in any  
26 manner prescribed in the school district's or charter school's  
27 instructional time model adopted under section 15-901.08.

28       (a) "Fractional student" means:

29       (i) For common schools, a preschool child who is enrolled in a  
30 program for preschool children with disabilities of at least three hundred  
31 sixty minutes each week that meets at least two hundred sixteen hours over  
32 the minimum number of days or a kindergarten student who is at least five  
33 years of age before January 1 of the school year and enrolled in a school  
34 kindergarten program that meets at least three hundred fifty-six hours for  
35 a one hundred eighty-day school year, or the instructional hours  
36 prescribed in this section. In computing the average daily membership,  
37 preschool children with disabilities and kindergarten students shall be  
38 counted as one-half of a full-time student. For common schools, a  
39 part-time student is a student enrolled for less than the total time for a  
40 full-time student as defined in this section. A part-time common school  
41 student shall be counted as one-fourth, one-half or three-fourths of a  
42 full-time student if the student is enrolled in an instructional program  
43 that is at least one-fourth, one-half or three-fourths of the time a  
44 full-time student is enrolled as defined in subdivision (b) of this  
45 paragraph. The hours in which a student is scheduled to attend a common

1 school during the regular school day shall be included in the calculation  
2 of the average daily membership for that student.

3 (ii) For high schools, a part-time student who is enrolled in less  
4 than four subjects that count toward graduation as defined by the state  
5 board of education, each of which, if taught each school day for the  
6 minimum number of days required in a school year, would meet a minimum of  
7 one hundred twenty-three hours a year, or the equivalent, in a recognized  
8 high school. The average daily membership of a part-time high school  
9 student shall be 0.75 if the student is enrolled in an instructional  
10 program of three subjects that meet at least five hundred forty hours for  
11 a one hundred eighty-day school year, or the instructional hours  
12 prescribed in this section. The average daily membership of a part-time  
13 high school student shall be 0.5 if the student is enrolled in an  
14 instructional program of two subjects that meet at least three hundred  
15 sixty hours for a one hundred eighty-day school year, or the instructional  
16 hours prescribed in this section. The average daily membership of a  
17 part-time high school student shall be 0.25 if the student is enrolled in  
18 an instructional program of one subject that meets at least one hundred  
19 eighty hours for a one hundred eighty-day school year, or the  
20 instructional hours prescribed in this section. The hours in which a  
21 student is scheduled to attend a high school during the regular school day  
22 shall be included in the calculation of the average daily membership for  
23 that student.

24 (b) "Full-time student" means:

25 (i) For common schools, a student who is at least six years of age  
26 before January 1 of a school year, who has not graduated from the highest  
27 grade taught in the school district and who is regularly enrolled in a  
28 course of study required by the state board of education. First, second  
29 and third grade students or ungraded group B children with disabilities  
30 who are at least five, but under six, years of age by September 1 must be  
31 enrolled in an instructional program that meets for a total of at least  
32 seven hundred twelve hours for a one hundred eighty-day school year, or  
33 the instructional hours prescribed in this section. Fourth, fifth, sixth,  
34 seventh and eighth grade students must be enrolled in an instructional  
35 program that meets for a total of at least eight hundred ninety hours for  
36 a one hundred eighty-day school year, or the instructional hours  
37 prescribed in this section, including the equivalent number of  
38 instructional hours for schools that operate on a one hundred  
39 forty-four-day school year. The hours in which a student is scheduled to  
40 attend a common school during the regular school day shall be included in  
41 the calculation of the average daily membership for that student.

42 (ii) For high schools, a student who has not graduated from the  
43 highest grade taught in the school district and who is enrolled in at  
44 least an instructional program of four or more subjects that count toward  
45 graduation as defined by the state board of education, each of which, if

1 taught each school day for the minimum number of days required in a school  
2 year, would meet a minimum of one hundred twenty-three hours a year, or  
3 the equivalent, that meets for a total of at least seven hundred twenty  
4 hours for a one hundred eighty-day school year, or the instructional hours  
5 prescribed in this section in a recognized high school. A full-time  
6 student shall not be counted more than once for computation of average  
7 daily membership. The average daily membership of a full-time high school  
8 student shall be 1.0 if the student is enrolled in at least four subjects  
9 that meet at least seven hundred twenty hours for a one hundred eighty-day  
10 school year, or the equivalent instructional hours prescribed in this  
11 section. The hours in which a student is scheduled to attend a high  
12 school during the regular school day shall be included in the calculation  
13 of the average daily membership for that student.

14 (iii) If a child who has not reached five years of age before  
15 September 1 of the current school year is admitted to kindergarten and  
16 repeats kindergarten in the following school year, a school district or  
17 charter school is not eligible to receive basic state aid on behalf of  
18 that child during the child's second year of kindergarten. If a child who  
19 has not reached five years of age before September 1 of the current school  
20 year is admitted to kindergarten but does not remain enrolled, a school  
21 district or charter school may receive a portion of basic state aid on  
22 behalf of that child in the subsequent year. A school district or charter  
23 school may charge tuition for any child who is ineligible for basic state  
24 aid pursuant to this item.

25 (iv) Except as otherwise provided by law, for a full-time high  
26 school student who is concurrently enrolled in two school districts or two  
27 charter schools, the average daily membership shall not exceed 1.0.

28 (v) Except as otherwise provided by law, for any student who is  
29 concurrently enrolled in a school district and a charter school, the  
30 average daily membership shall be apportioned between the school district  
31 and the charter school and shall not exceed 1.0. The apportionment shall  
32 be based on the percentage of total time that the student is enrolled in  
33 or in attendance at the school district and the charter school.

34 (vi) Except as otherwise provided by law, for any student who is  
35 concurrently enrolled, pursuant to section 15-808, in a school district  
36 and Arizona online instruction or a charter school and Arizona online  
37 instruction, the average daily membership shall be apportioned between the  
38 school district and Arizona online instruction or the charter school and  
39 Arizona online instruction and shall not exceed 1.0. The apportionment  
40 shall be based on the percentage of total time that the student is  
41 enrolled in or in attendance at the school district and Arizona online  
42 instruction or the charter school and Arizona online instruction.

43 (vii) For homebound or hospitalized, a student receiving at least  
44 four hours of instruction per week.

1 (c) "Regular school day" means the regularly scheduled class  
2 periods intended for instructional purposes. Instructional purposes may  
3 include core subjects, elective subjects, lunch, study halls, music  
4 instruction and other classes that advance the academic instruction of  
5 pupils. Instructional purposes do not include athletic practices or  
6 extracurricular clubs and activities.

7 2. "Budget year" means ~~the~~ A fiscal year THAT IS BOTH:

8 (a) A FISCAL YEAR for which the school district is budgeting. ~~and~~

9 (b) ONE OF THE THREE FISCAL YEARS that immediately ~~follows~~ FOLLOW  
10 the current year.

11 3. "Common school district" means a political subdivision of this  
12 state offering instruction to students in programs for preschool children  
13 with disabilities and kindergarten programs and either:

14 (a) Grades one through eight.

15 (b) Grades one through nine pursuant to section 15-447.01.

16 4. "Current year" means the fiscal year in which a school district  
17 is operating.

18 5. "Daily attendance" means:

19 (a) For common schools, days in which a pupil:

20 (i) Of a kindergarten program or ungraded, but not group B children  
21 with disabilities, who is at least five, but under six, years of age by  
22 September 1 attends at least three-quarters of the instructional time  
23 scheduled for the day. If the total instruction time scheduled for the  
24 year is at least three hundred fifty-six hours but is less than seven  
25 hundred twelve hours, such attendance shall be counted as one-half day of  
26 attendance. If the instructional time scheduled for the year is at least  
27 six hundred ninety-two hours, "daily attendance" means days in which a  
28 pupil attends at least one-half of the instructional time scheduled for  
29 the day. Such attendance shall be counted as one-half day of attendance.  
30 A school district or charter school may satisfy any of the time and hours  
31 requirements prescribed in this item in any manner prescribed in the  
32 school district's or charter school's instructional time model adopted  
33 under section 15-901.08.

34 (ii) Of the first, second or third grades attends more than  
35 three-quarters of the instructional time scheduled for the day. A school  
36 district or charter school may satisfy any of the time and hours  
37 requirements prescribed in this item in any manner prescribed in the  
38 school district's or charter school's instructional time model adopted  
39 under section 15-901.08.

40 (iii) Of the fourth, fifth or sixth grades attends more than  
41 three-quarters of the instructional time scheduled for the day, except as  
42 provided in section 15-797. A school district or charter school may  
43 satisfy any of the time and hours requirements prescribed in this item in  
44 any manner prescribed in the school district's or charter school's  
45 instructional time model adopted under section 15-901.08.

1 (iv) Of the seventh or eighth grades attends more than  
2 three-quarters of the instructional time scheduled for the day, except as  
3 provided in section 15-797. A school district or charter school may  
4 satisfy any of the time and hours requirements prescribed in this item in  
5 any manner prescribed in the school district's or charter school's  
6 instructional time model adopted under section 15-901.08.

7 (b) For common schools, the attendance of a pupil at three-quarters  
8 or less of the instructional time scheduled for the day shall be counted  
9 as follows, except as provided in section 15-797 and except that  
10 attendance for a fractional student shall not exceed the pupil's  
11 fractional membership:

12 (i) If attendance for all pupils in the school is based on quarter  
13 days, the attendance of a pupil shall be counted as one-fourth of a day's  
14 attendance for each one-fourth of full-time instructional time attended.  
15 A school district or charter school may satisfy any of the time and hours  
16 requirements prescribed in this item in any manner prescribed in the  
17 school district's or charter school's instructional time model adopted  
18 under section 15-901.08.

19 (ii) If attendance for all pupils in the school is based on half  
20 days, the attendance of at least three-quarters of the instructional time  
21 scheduled for the day shall be counted as a full day's attendance and  
22 attendance at a minimum of one-half but less than three-quarters of the  
23 instructional time scheduled for the day equals one-half day of  
24 attendance. A school district or charter school may satisfy any of the  
25 time and hours requirements prescribed in this item in any manner  
26 prescribed in the school district's or charter school's instructional time  
27 model adopted under section 15-901.08.

28 (c) For common schools, the attendance of a preschool child with  
29 disabilities shall be counted as one-fourth day's attendance for each  
30 thirty-six minutes of attendance, except as provided in paragraph 1,  
31 subdivision (a), item (i) of this subsection for children with  
32 disabilities up to a maximum of three hundred sixty minutes each week. A  
33 school district or charter school may satisfy any of the time and hours  
34 requirements prescribed in this subdivision in any manner prescribed in  
35 the school district's or charter school's instructional time model adopted  
36 under section 15-901.08.

37 (d) For high schools, the attendance of a pupil shall not be  
38 counted as a full day unless the pupil is actually and physically in  
39 attendance and enrolled in and carrying four subjects, each of which, if  
40 taught each school day for the minimum number of days required in a school  
41 year, would meet a minimum of one hundred twenty-three hours a year, or  
42 the equivalent, that count toward graduation in a recognized high school  
43 except as provided in section 15-797 and subdivision (e) of this  
44 paragraph. Attendance of a pupil carrying less than the load prescribed  
45 shall be prorated. A school district or charter school may satisfy any of

1 the time and hours requirements prescribed in this subdivision in any  
2 manner prescribed in the school district's or charter school's  
3 instructional time model adopted under section 15-901.08.

4 (e) For high schools, the attendance of a pupil may be counted as  
5 one-fourth of a day's attendance for each sixty minutes of instructional  
6 time in a subject that counts toward graduation, except that attendance  
7 for a pupil shall not exceed the pupil's full or fractional membership. A  
8 school district or charter school may satisfy any of the time and hours  
9 requirements prescribed in this subdivision in any manner prescribed in  
10 the school district's or charter school's instructional time model adopted  
11 under section 15-901.08.

12 (f) For homebound or hospitalized, a full day of attendance may be  
13 counted for each day during a week in which the student receives at least  
14 four hours of instruction. A school district or charter school may  
15 satisfy any of the time and hours requirements prescribed in this  
16 subdivision in any manner prescribed in the school district's or charter  
17 school's instructional time model adopted under section 15-901.08.

18 (g) For school districts that maintain school for an approved  
19 year-round school year operation, attendance shall be based on a  
20 computation, as prescribed by the superintendent of public instruction, of  
21 the one hundred eighty days' equivalency or two hundred days' equivalency,  
22 as applicable, of instructional time as approved by the superintendent of  
23 public instruction during which each pupil is enrolled. A school district  
24 or charter school may satisfy any of the time and hours requirements  
25 prescribed in this subdivision in any manner prescribed in the school  
26 district's or charter school's instructional time model adopted under  
27 section 15-901.08.

28 6. "Daily route mileage" means the sum of:

29 (a) The total number of miles driven daily by all buses of a school  
30 district while transporting eligible students from their residence to the  
31 school of attendance and from the school of attendance to their residence  
32 on scheduled routes approved by the superintendent of public instruction.

33 (b) The total number of miles driven daily on routes approved by  
34 the superintendent of public instruction for which a private party, a  
35 political subdivision or a common or a contract carrier is reimbursed for  
36 bringing an eligible student from the place of the student's residence to  
37 a school transportation pickup point or to the school of attendance and  
38 from the school transportation scheduled return point or from the school  
39 of attendance to the student's residence. Daily route mileage includes  
40 the total number of miles necessary to drive to transport eligible  
41 students from and to their residence as provided in this paragraph.

42 7. "District support level" means the base support level plus the  
43 transportation support level.

1           8. "Eligible students" means:

2           (a) Students who are transported by or for a school district and  
3 who qualify as full-time students or fractional students, except students  
4 for whom transportation is paid by another school district or a county  
5 school superintendent, and:

6           (i) For common school students, whose place of actual residence  
7 within the school district is more than one mile from the school facility  
8 of attendance or students who are admitted pursuant to section 15-816.01  
9 and who meet the economic eligibility requirements established under the  
10 national school lunch and child nutrition acts (42 United States Code  
11 sections 1751 through 1793) for free or reduced-price lunches and whose  
12 actual place of residence outside the school district boundaries is more  
13 than one mile from the school facility of attendance.

14          (ii) For high school students, whose place of actual residence  
15 within the school district is more than one and one-half miles from the  
16 school facility of attendance or students who are admitted pursuant to  
17 section 15-816.01 and who meet the economic eligibility requirements  
18 established under the national school lunch and child nutrition acts  
19 (42 United States Code sections 1751 through 1793) for free or  
20 reduced-price lunches and whose actual place of residence outside the  
21 school district boundaries is more than one and one-half miles from the  
22 school facility of attendance.

23          (b) Kindergarten students, for purposes of computing the number of  
24 eligible students under subdivision (a), item (i) of this paragraph, shall  
25 be counted as full-time students, notwithstanding any other provision of  
26 law.

27          (c) Children with disabilities, as defined by section 15-761, who  
28 are transported by or for the school district or who are admitted pursuant  
29 to chapter 8, article 1.1 of this title and who qualify as full-time  
30 students or fractional students regardless of location or residence within  
31 the school district or children with disabilities whose transportation is  
32 required by the pupil's individualized education program.

33          (d) Students whose residence is outside the school district and who  
34 are transported within the school district on the same basis as students  
35 who reside in the school district.

36           9. "Enrolled" or "enrollment" means that a pupil is currently  
37 registered in the school district.

38           10. "GDP price deflator" means the average of the four implicit  
39 price deflators for the gross domestic product reported by the United  
40 States department of commerce for the four quarters of the calendar year.

41           11. "High school district" means a political subdivision of this  
42 state offering instruction to students for grades nine through twelve or  
43 that portion of the budget of a common school district that is allocated  
44 to teaching high school subjects with permission of the state board of  
45 education.

1       12. "Instructional hours" or "instructional time" means hours or  
2 time spent pursuant to an instructional time model adopted under section  
3 15-901.08.

4       13. "Revenue control limit" means the base revenue control limit  
5 plus the transportation revenue control limit.

6       14. "Student count" means average daily membership as prescribed in  
7 this subsection for the fiscal year before the current year, except that  
8 for the purpose of budget preparation student count means average daily  
9 membership as prescribed in this subsection for the current year.

10       15. "Submit electronically" means submitted in a format and in a  
11 manner prescribed by the department of education.

12       16. "Total bus mileage" means the total number of miles driven by  
13 all buses of a school district during the school year.

14       17. "Total students transported" means all eligible students  
15 transported from their place of residence to a school transportation  
16 pickup point or to the school of attendance and from the school of  
17 attendance or from the school transportation scheduled return point to  
18 their place of residence.

19       18. "Unified school district" means a political subdivision of this  
20 state offering instruction to students in programs for preschool children  
21 with disabilities and kindergarten programs and grades one through twelve.

22       B. In this title, unless the context otherwise requires:

23       1. "Base" means the revenue level per student count specified by  
24 the legislature.

25       2. "Base level" means the following amounts plus the percentage  
26 increase to the base level as provided in section 15-902.04:

27       (a) For fiscal year 2022-2023, \$4,775.27.

28       (b) For fiscal year 2023-2024, \$4,914.71.

29       (c) For fiscal year 2024-2025, \$5,013.00.

30       3. "Base revenue control limit" means the base revenue control  
31 limit computed as provided in section 15-944.

32       4. "Base support level" means the base support level as provided in  
33 section 15-943.

34       5. "Certified teacher" means a person who is certified as a teacher  
35 pursuant to the rules adopted by the state board of education, who renders  
36 direct and personal services to schoolchildren in the form of instruction  
37 related to the school district's educational course of study and who is  
38 paid from the maintenance and operation section of the budget.

39       6. "DD" means programs for children with developmental delays who  
40 are at least three years of age but under ten years of age. A preschool  
41 child who is categorized under this paragraph is not eligible to receive  
42 funding pursuant to section 15-943, paragraph 2, subdivision (b).

43       7. "ED, MIID, SLD, SLI and OHI" means programs for children with  
44 emotional disabilities, mild intellectual disabilities, a specific  
45 learning disability, a speech/language impairment and other health

1 impairments. A preschool child who is categorized as SLI under this  
2 paragraph is not eligible to receive funding pursuant to section 15-943,  
3 paragraph 2, subdivision (b).

4 8. "ED-P" means programs for children with emotional disabilities  
5 who are enrolled in private special education programs as prescribed in  
6 section 15-765, subsection D, paragraph 1 or in an intensive school  
7 district program as provided in section 15-765, subsection D, paragraph 2.

8 9. "ELL" means English learners who do not speak English or whose  
9 native language is not English, who are not currently able to perform  
10 ordinary classroom work in English and who are enrolled in an English  
11 language education program pursuant to sections 15-751, 15-752 and 15-753.

12 10. "FRPL" means students who meet the eligibility requirements  
13 established under the national school lunch and child nutrition acts  
14 (42 United States Code sections 1751 through 1793) for free or  
15 reduced-price lunches, or an equivalent measure recognized for  
16 participating in the federal free and reduced-price lunch program and  
17 other school programs dependent on a poverty measure, including the  
18 community eligibility provision for which free and reduced-price lunch  
19 data is not available.

20 11. "Full-time equivalent certified teacher" or "FTE certified  
21 teacher" means for a certified teacher the following:

22 (a) If employed full time as defined in section 15-501, 1.00.

23 (b) If employed less than full time, multiply 1.00 by the  
24 percentage of a full school day, or its equivalent, or a full class load,  
25 or its equivalent, for which the teacher is employed as determined by the  
26 governing board.

27 12. "G" means educational programs for gifted pupils who score at  
28 or above the ninety-seventh percentile, based on national norms, on a test  
29 adopted by the state board of education.

30 13. "Group A" means educational programs for career exploration, a  
31 specific learning disability, an emotional disability, a mild intellectual  
32 disability, remedial education, a speech/language impairment,  
33 developmental delay, homebound pupils, bilingual pupils and pupils with  
34 other health impairments.

35 14. "Group B" means educational improvements for pupils in  
36 kindergarten programs and grades one through three, educational programs  
37 for autism, a hearing impairment, a moderate intellectual disability,  
38 multiple disabilities, multiple disabilities with severe sensory  
39 impairment, orthopedic impairments, preschool severe delay, a severe  
40 intellectual disability and emotional disabilities for school age pupils  
41 enrolled in private special education programs or in school district  
42 programs for children with severe disabilities or visual impairment,  
43 English learners enrolled in a program to promote English language  
44 proficiency pursuant to section 15-752 and students who meet the  
45 eligibility requirements established under the national school lunch and

1 child nutrition acts (42 United States Code sections 1751 through 1793)  
2 for free or reduced-price lunches, or an equivalent measure recognized for  
3 participating in the federal free and reduced-price lunch program and  
4 other school programs dependent on a poverty measure, including the  
5 community eligibility provision for which free and reduced-price lunch  
6 data is not available.

7 15. "HI" means programs for pupils with hearing impairment.

8 16. "Homebound" or "hospitalized" means a pupil who is capable of  
9 profiting from academic instruction but is unable to attend school due to  
10 illness, disease, accident or other health conditions, who has been  
11 examined by a competent medical doctor and who is certified by that doctor  
12 as being unable to attend regular classes for a period of not less than  
13 three school months or a pupil who is capable of profiting from academic  
14 instruction but is unable to attend school regularly due to chronic or  
15 acute health problems, who has been examined by a competent medical doctor  
16 and who is certified by that doctor as being unable to attend regular  
17 classes for intermittent periods of time totaling three school months  
18 during a school year. The medical certification shall state the general  
19 medical condition, such as illness, disease or chronic health condition,  
20 that is the reason that the pupil is unable to attend school. Homebound  
21 or hospitalized includes a student who is unable to attend school for a  
22 period of less than three months due to a pregnancy if a competent medical  
23 doctor, after an examination, certifies that the student is unable to  
24 attend regular classes due to risk to the pregnancy or to the student's  
25 health.

26 17. "K-3" means kindergarten programs and grades one through three.

27 18. "K-3 reading" means reading programs for pupils in kindergarten  
28 programs and grades one, two and three.

29 19. "MD-R, A-R and SID-R" means resource programs for pupils with  
30 multiple disabilities, autism and severe intellectual disability.

31 20. "MD-SC, A-SC and SID-SC" means self-contained programs for  
32 pupils with multiple disabilities, autism and severe intellectual  
33 disability.

34 21. "MD-SSI" means a program for pupils with multiple disabilities  
35 with severe sensory impairment.

36 22. "MOID" means programs for pupils with moderate intellectual  
37 disability.

38 23. "OI-R" means a resource program for pupils with orthopedic  
39 impairments.

40 24. "OI-SC" means a self-contained program for pupils with  
41 orthopedic impairments.

42 25. "PSD" means preschool programs for children with disabilities  
43 as provided in section 15-771.

44 26. "P-SD" means programs for children who meet the definition of  
45 preschool severe delay as provided in section 15-771.

1       27. "Qualifying tax rate" means the qualifying tax rate specified  
2 in section 15-971 applied to the assessed valuation used for primary  
3 property taxes.

4       28. "Small isolated school district" means a school district that  
5 meets all of the following:

6       (a) Has a student count of fewer than six hundred in kindergarten  
7 programs and grades one through eight or grades nine through twelve.

8       (b) Contains no school that is fewer than thirty miles by the most  
9 reasonable route from another school, or, if road conditions and terrain  
10 make the driving slow or hazardous, fifteen miles from another school that  
11 teaches one or more of the same grades and is operated by another school  
12 district in this state.

13       (c) Is designated as a small isolated school district by the  
14 superintendent of public instruction.

15       29. "Small school district" means a school district that meets all  
16 of the following:

17       (a) Has a student count of fewer than six hundred in kindergarten  
18 programs and grades one through eight or grades nine through twelve.

19       (b) Contains at least one school that is fewer than thirty miles by  
20 the most reasonable route from another school that teaches one or more of  
21 the same grades and is operated by another school district in this state.

22       (c) Is designated as a small school district by the superintendent  
23 of public instruction.

24       30. "Transportation revenue control limit" means the transportation  
25 revenue control limit computed as prescribed in section 15-946.

26       31. "Transportation support level" means the support level for  
27 pupil transportation operating expenses as provided in section 15-945.

28       32. "VI" means programs for pupils with visual impairments.

29       Sec. 4. Section 15-903, Arizona Revised Statutes, is amended to  
30 read:

31       15-903. Budget format; prohibited expenditures; annual report

32       A. The superintendent of public instruction in conjunction with the  
33 auditor general shall prepare and prescribe a budget format to be used by  
34 all school districts.

35       B. The budget format shall be designed to allow all school  
36 districts to plan and provide in detail for using available monies. The  
37 budget format shall contain distinct sections for, but need not be limited  
38 to, maintenance and operation, debt service, special projects, capital  
39 outlay, adjacent ways and classroom site fund. The maintenance and  
40 operation section shall include, but need not be limited to, separate  
41 subsections for regular education programs, special education programs and  
42 operational expenditures for pupil transportation. Each subsection shall  
43 clearly distinguish classroom instruction expenditures. The special  
44 education program subsection shall include a subtotal for the disability  
45 classifications as defined in section 15-761 and programs for gifted,

1 vocational and technical education, remedial education and bilingual  
2 students. The total expenditures for each of these programs shall be  
3 included on the budget form. The pupil transportation subsection shall  
4 include all operational expenditures relating to transporting pupils,  
5 including all operational expenditures within a contract if the school  
6 district contracts for pupil transportation.

7 C. The capital outlay section of the budget shall include a  
8 subsection for unrestricted capital outlay. The unrestricted capital  
9 outlay subsection shall include budgeted expenditures for acquisitions by  
10 purchase, lease-purchase or lease of capital items as defined in the  
11 uniform system of financial records and shall include:

12 1. Land, buildings and improvements to land and buildings,  
13 including labor and related employee benefits costs and material costs if  
14 work is performed by school district employees.

15 2. Furniture, furnishings, athletic equipment and other equipment,  
16 including computer software.

17 3. Pupil and nonpupil transportation vehicles and equipment,  
18 including all capital expenditures within a contract if the school  
19 district contracts for pupil transportation.

20 4. Textbooks and related printed subject matter materials adopted  
21 by the governing board.

22 5. Instructional aids.

23 6. Library books.

24 7. Payment of principal and interest on bonds.

25 8. School district administration emergency needs that are directly  
26 related to pupils.

27 D. The budget format shall contain distinct subsections for the  
28 following:

29 1. Special programs to improve academic achievement of pupils in  
30 kindergarten programs and grades one through three as provided in section  
31 15-482.

32 2. School plant funds.

33 3. Capital outlay budget increases as provided in section 15-481.

34 4. Property taxation, including the following:

35 (a) The primary tax rates for the school district for the current  
36 year and the budget year.

37 (b) The secondary tax rates for maintenance and operation, K-3 and  
38 capital overrides for the school district for the current year and the  
39 budget year.

40 (c) The secondary tax rates for class A bonds for the school  
41 district for the current year and the budget year.

42 (d) The secondary tax rates for class B bonds for the school  
43 district for the current year and the budget year.

44 5. A description of any corrections or adjustments made to the  
45 budget pursuant to section 15-915.

1 E. The budget format shall also contain:

2 1. A statement identifying proposed pupil-teacher ratios and  
3 pupil-staff ratios relating to the provision of special education services  
4 for the budget year.

5 2. The prominent display of the average salary of all teachers  
6 employed by the school district for the current year. The school district  
7 shall also prominently post this information on its website home page  
8 separately from its budget.

9 3. The prominent display of the average salary of all teachers  
10 employed by the school district for the previous year. The school  
11 district shall also prominently post this information on its website home  
12 page separately from its budget.

13 4. The prominent display of the dollar increase in the average  
14 salary of all teachers employed by the school district for the current  
15 year. The school district shall also prominently post this information on  
16 its website home page separately from its budget.

17 5. The prominent display of the percentage increase in the average  
18 salary of all teachers employed by the school district for the current  
19 year. The school district shall also prominently post this information on  
20 its website home page separately from its budget.

21 6. THE ENROLLMENT PROJECTIONS FOR EACH OF THE NEXT THREE YEARS,  
22 INCLUDING A DESCRIPTION OF THE METHODS USED TO MAKE THE PROJECTIONS.

23 7. THE RATE OF CHANGE IN STUDENT ENROLLMENT BETWEEN THE CURRENT  
24 YEAR AND THE FIFTH YEAR IMMEDIATELY PRECEDING THE CURRENT YEAR.

25 F. The special projects section shall include budgeted expenditures  
26 for state special projects, including special adult projects, career  
27 education, deficiencies correction fund projects and new school facilities  
28 fund projects, such federal special projects as ESEA title programs,  
29 vocational education and title IV Indian education, and other special  
30 projects.

31 G. A school district shall not make expenditures for campaign  
32 literature associated with school district or charter school officials.  
33 If the superintendent of public instruction determines that a school  
34 district has violated this subsection, the superintendent of public  
35 instruction may withhold any portion of the school district's  
36 apportionment of state aid.

37 H. The budget format shall include an electronic format that shall  
38 be submitted for each proposed, adopted and revised budget.

39 I. On or before November 30 of each year, the department of  
40 education shall electronically submit to the joint legislative budget  
41 committee and the governor's office of strategic planning and budgeting a  
42 report that compiles the information required by subsection E, paragraphs  
43 2 through 5 of this section for all school districts statewide.

1       Sec. 5. Section 15-905, Arizona Revised Statutes, is amended to  
2 read:

3       15-905. School district budgets; notice; adoption; aggregate  
4               budget limit; summary; adjustments; impact aid  
5               fund; definition

6       A. Not later than July 5 of each year or not later than the  
7 publication of notice of the public hearing and board meeting as required  
8 by this section, the governing board of each school district shall prepare  
9 and furnish to the superintendent of public instruction and the county  
10 school superintendent, unless waived by the county school superintendent,  
11 a proposed budget in an electronic format for the ~~budget year~~ NEXT THREE  
12 FISCAL YEARS, which shall contain the information and be in the form as  
13 provided by the department of education. The proposed budget shall  
14 include the following:

15       1. The total amount of revenues from all sources that was necessary  
16 to meet the school district's budget for the current year.

17       2. The total amount of revenues by source that will be necessary to  
18 meet the proposed budget of the school district FOR EACH BUDGET YEAR,  
19 excluding property taxes. The governing board shall prepare the proposed  
20 budget and a summary of the proposed budget. Both documents shall be kept  
21 on file at the school district office and shall be made available to the  
22 public on request. Not later than July 5 of each year or not later than  
23 the publication of notice of the public hearing and board meeting required  
24 by this subsection, the governing board shall submit the proposed budget  
25 to the department of education, which shall prominently display this  
26 information about that school district on the website maintained by the  
27 department. If the school district maintains a website, the school  
28 district shall post a link to the website of the department of education  
29 where this information about the school district is posted. The auditor  
30 general in conjunction with the department of education shall prescribe  
31 the form of the summary of the proposed budget for use by governing  
32 boards. THE AUDITOR GENERAL SHALL INCLUDE IN THE FORM OF THE SUMMARY OF  
33 THE PROPOSED BUDGET THE RATE OF CHANGE IN STUDENT ENROLLMENT PRESCRIBED BY  
34 SECTION 15-903, SUBSECTION E AND THE ENROLLMENT PROJECTIONS FOR EACH OF  
35 THE NEXT THREE YEARS. School district governing boards may include in the  
36 proposed budget any items or amounts that are authorized by legislation  
37 filed with the secretary of state and that will become effective during  
38 ~~the~~ EACH budget year. If subsequent events prevent the legislation from  
39 becoming effective, school district governing boards must reduce their  
40 budgets by the amounts budgeted pursuant to the legislation that did not  
41 become effective.

42       B. The governing board of each school district shall prepare a  
43 notice fixing a time not later than July 15 and designating a public place  
44 within each school district at which a public hearing and board meeting  
45 shall be held. The governing board shall present the proposed budget for

1 consideration of the residents and the taxpayers of the school district at  
2 that hearing and meeting.

3 C. The governing board of each school district shall publish or  
4 mail, before the hearing and meeting, a copy of the proposed budget or the  
5 summary of the proposed budget and a notice of the public hearing and  
6 board meeting not later than ten days before the meeting. The proposed  
7 budget and the summary of the proposed budget shall contain the percentage  
8 of increase or decrease in each budget category of the proposed budget as  
9 compared to each category of the budget for the current year.  
10 Notification shall be either by publication in a newspaper of general  
11 circulation within the school district in which the size of the newspaper  
12 print is at least eight-point type, by electronic transmission of the  
13 information to the department of education for posting on the department's  
14 website or by mailing the information to each household in the school  
15 district. The cost of publication, website posting or mailing shall be a  
16 charge against the school district. The publisher's affidavit of  
17 publication shall be filed by the governing board with the superintendent  
18 of public instruction within thirty days after publication. If the budget  
19 or proposed budget and notice are posted on a website maintained by the  
20 department of education or mailed, the board shall file an affidavit with  
21 the superintendent of public instruction within thirty days after the  
22 mailing or the date that the information is posted on the website. If a  
23 truth in taxation notice and hearing is required under section 15-905.01,  
24 the governing board may combine the notice and hearing under this section  
25 with the truth in taxation notice and hearing.

26 D. At the time and place fixed in the notice, the governing board  
27 shall hold the public hearing and present the proposed budget to the  
28 persons attending the hearing. On request of any person, the governing  
29 board shall explain the budget, and any resident or taxpayer of the school  
30 district may protest the inclusion of any item. A governing board member  
31 who has a substantial interest, as defined in section 38-502, in a  
32 specific item in the school district budget shall refrain from voting on  
33 the specific item. A governing board member may participate without  
34 creating a conflict of interest in adopting a final budget even though the  
35 member may have substantial interest in specific items included in the  
36 budget.

37 E. Immediately following the public hearing the president shall  
38 call to order the governing board meeting for the purpose of adopting the  
39 budget. The governing board shall adopt the budget, which shall not  
40 exceed the general budget limit or the unrestricted capital budget limit,  
41 making such deductions as it sees fit but making no additions to the  
42 proposed budget total for maintenance and operations or capital outlay,  
43 and shall enter the budget as adopted in its minutes. Not later than July  
44 18, the budget as finally adopted shall be submitted electronically to the  
45 superintendent of public instruction. Not later than July 18, the

1 governing board shall submit the budget as finally adopted to the  
2 department of education, which shall prominently display this information  
3 about that school district on the website maintained by the  
4 department. If the school district maintains a website, the school  
5 district shall post a link to the website of the department of education  
6 where this information about the school district is posted. On or before  
7 October 30, the superintendent of public instruction shall review the  
8 budget and notify the governing board if the budget exceeds the general  
9 budget limit or the unrestricted capital budget limit. The governing board  
10 shall revise the budget as follows:

11       1. If the governing board receives notification that the budget  
12 exceeds the general budget limit or the unrestricted capital budget limit  
13 by one percent of the general budget limit, it shall adopt on or before  
14 December 15, after it gives notice and holds a public meeting in a similar  
15 manner as provided in subsections C and D of this section, a revised  
16 budget for the current year, which shall not exceed the general budget  
17 limit or the unrestricted capital budget limit.

18       2. If the governing board receives notification that the budget  
19 exceeds the general budget limit or the unrestricted capital budget limit  
20 by less than the amount prescribed in paragraph 1 of this subsection, the  
21 governing board shall adjust the budget and expenditures so as not to  
22 exceed the general budget limit or the unrestricted capital budget limit  
23 for the current year.

24       3. Not later than December 18, the budget as revised shall be  
25 submitted electronically to the superintendent of public instruction.  
26 Procedures for adjusting expenditures or revising the budget shall be as  
27 prescribed in the uniform system of financial records.

28       F. The governing board of each school district may budget for  
29 expenditures within the school district budget as follows:

30       1. Amounts within the general budget limit, as provided in section  
31 15-947, subsection C, may only be budgeted in the following sections of  
32 the budget:

33       (a) The maintenance and operation section.

34       (b) The capital outlay section.

35       2. Amounts within the unrestricted capital budget limit, as  
36 provided in section 15-947, subsection D, may only be budgeted in the  
37 unrestricted capital outlay subsection of the budget. Monies received  
38 pursuant to the unrestricted capital budget limit shall be placed in the  
39 unrestricted capital outlay fund. The monies in the fund are not subject  
40 to reversion.

41       G. The governing board may authorize the expenditure of monies  
42 budgeted within the maintenance and operation section of the budget for  
43 any subsection within the section in excess of amounts specified in the  
44 adopted budget only by action taken at a public meeting of the governing

1 board and if the expenditures for all subsections of the section do not  
2 exceed the amount budgeted as provided in this section.

3 H. The aggregate budget limit **FOR EACH BUDGET YEAR** is the sum of  
4 the following:

5 1. The general budget limit as determined in section 15-947 for ~~the~~  
6 **EACH** budget year.

7 2. The unrestricted capital budget limit as determined in section  
8 15-947 for ~~the~~ **EACH** budget year.

9 3. Federal assistance, excluding title VIII of the elementary and  
10 secondary education act of 1965 monies.

11 I. School districts that overestimated tuition revenues as provided  
12 in section 15-947, subsection C, paragraph 2 shall adjust the general  
13 budget limit and expenditures based on tuition revenues for attendance of  
14 nonresident pupils during the current fiscal year. School districts that  
15 underestimated tuition revenues may adjust their budgets before May 15  
16 based on tuition revenues for attendance of nonresident pupils during the  
17 current fiscal year. School districts that overestimated revenues as  
18 provided in section 15-947, subsection C, paragraph 2, subdivision (a),  
19 items (iii), (iv) and (v) and subdivision (c) shall adjust the general  
20 budget limit and expenditures based on actual revenues during the current  
21 fiscal year. School districts that underestimated such revenues may  
22 adjust their budgets before May 15 based on actual revenues during the  
23 current fiscal year. Procedures for completing adjustments shall be as  
24 prescribed in the uniform system of financial records. Not later than May  
25 18, the budget as adjusted shall be submitted electronically to the  
26 superintendent of public instruction.

27 J. A common school district not within a high school district whose  
28 estimated tuition charge for high school pupils exceeds the actual tuition  
29 charge for high school pupils shall adjust the general budget limit and  
30 expenditures based on the actual tuition charge. Not later than May 18,  
31 the budget as adjusted shall be submitted electronically to the  
32 superintendent of public instruction. A common school district not within  
33 a high school district whose estimated tuition charge for high school  
34 pupils is less than the actual tuition charge for high school pupils may  
35 adjust its budget before May 15 based on the actual tuition charge.  
36 Procedures for completing adjustments shall be as prescribed in the  
37 uniform system of financial records. If the adjusted general budget limit  
38 requires an adjustment of state aid and if the adjustment to state aid is  
39 not made in the current year, the superintendent of public instruction  
40 shall adjust by August 15 of the succeeding fiscal year the apportionment  
41 of state aid to the school district to correct any overpayment or  
42 underpayment of state aid received during the current year.

43 K. The governing board may include title VIII of the elementary and  
44 secondary education act of 1965 assistance allocated for children with  
45 disabilities, children with specific learning disabilities, children

1 residing on Indian lands and children residing within the boundaries of an  
2 accommodation school that is located on a military reservation and that is  
3 classified as a heavily impacted local educational agency pursuant to 20  
4 United States Code section 7703, which is in addition to basic assistance  
5 when determining the general budget limit as prescribed in section 15-947,  
6 subsection C. The increase in the general budget limit for children  
7 residing within the boundaries of an accommodation school that is located  
8 on a military reservation and that is classified as a heavily impacted  
9 local education agency shall equal the dollar amount calculated pursuant  
10 to 20 United States Code section 7703(b)(2). The governing board may  
11 adjust before May 15 the budget for the current year based on any  
12 adjustments that result in increases over the amount estimated by the  
13 superintendent of public instruction for title VIII of the elementary and  
14 secondary education act of 1965 assistance for such pupils for the fiscal  
15 year preceding the current year. The governing board shall adjust before  
16 May 15 the budget for the current year based on any adjustments that  
17 result in decreases in the amount estimated by the superintendent of  
18 public instruction for title VIII of the elementary and secondary  
19 education act of 1965 assistance for such pupils for the fiscal year  
20 preceding the current year. Not later than May 18, the budget as adjusted  
21 shall be submitted electronically to the superintendent of public  
22 instruction. Procedures for complying with this subsection shall be as  
23 prescribed in the uniform system of financial records.

24 L. The department of education shall notify the state board of  
25 education if expenditures by any school district exceed the general budget  
26 limit prescribed in section 15-947, subsection C, the unrestricted capital  
27 budget limit, the school plant fund limits prescribed in section 15-1102,  
28 subsection B, the maintenance and operation section of the budget or the  
29 capital outlay section of the budget. If the expenditures of any school  
30 district exceed these limits or sections of the budget without  
31 authorization as provided in section 15-907, and if the state board of  
32 education determines that the equalization assistance for education  
33 received by the school district as provided in section 15-971 does not  
34 conform with statutory requirements, the state board of education shall  
35 reduce the state aid for equalization assistance for education for the  
36 school district computed as provided in section 15-971 during the fiscal  
37 year subsequent to the fiscal year in which the excess equalization  
38 assistance for education was received by an amount equal to the excess  
39 equalization assistance for education, except that in case of hardship to  
40 the school district, the superintendent of public instruction may approve  
41 reductions partly in the first subsequent year and partly in the second  
42 subsequent year. If the state board of education determines that the  
43 equalization assistance for education received by the school district  
44 conforms with statutory requirements, the state board of education shall  
45 not reduce the district's equalization assistance for education pursuant

1 to this subsection but the district shall reduce the budget limits as  
2 required in subsection M of this section. A school district that  
3 disagrees with the department of education's determination regarding an  
4 excess expenditure under this subsection may request a hearing before the  
5 state board of education.

6 M. The governing board of a school district shall reduce the  
7 general budget limit or the unrestricted capital budget limit for the year  
8 subsequent to the year in which the expenditures were in excess of the  
9 applicable limit or section of the budget by the amount determined in  
10 subsection L of this section, except that in case of hardship to the  
11 school district, the superintendent of public instruction may approve  
12 reductions partly in the first subsequent year and partly in the second  
13 subsequent year. The reduction in the limit is applicable to each school  
14 district that has exceeded the general budget limit, the unrestricted  
15 capital budget limit or a section of the budget even if the reduction  
16 exceeds the state aid for equalization assistance for education for the  
17 school district.

18 N. Except as provided in section 15-916, no expenditure shall be  
19 made by any school district for a purpose not included in the budget or in  
20 excess of the aggregate budget limit prescribed in this section, except  
21 that if no budget has been adopted, from July 1 to July 15 the governing  
22 board may make expenditures if the total of the expenditures does not  
23 exceed ten percent of the prior year's aggregate budget limit. Any  
24 expenditures made from July 1 to July 15 and before the adoption of the  
25 budget shall be included in the total expenditures for the current year.  
26 ~~No~~ AN expenditure ~~shall~~ MAY NOT be made and ~~no~~ A debt, obligation or  
27 liability ~~shall~~ MAY NOT be incurred or created in any year for any purpose  
28 itemized in the budget in excess of the amount specified for the item  
29 irrespective of whether the school district at any time has received or  
30 has on hand funds in excess of those required to meet the expenditures,  
31 debts, obligations and liabilities provided for under the budget except  
32 expenditures from cash controlled funds as defined by the uniform system  
33 of financial records and except as provided in section 15-907 and  
34 subsection G of this section. This subsection does not prohibit any  
35 school district from prepaying insurance premiums, magazine subscriptions  
36 or officiating services, or from prepaying any item that is normally  
37 prepaid ~~in order~~ to procure the service or to receive a discounted price  
38 for the service, as prescribed by the uniform system of financial records.

39 O. The governing board of a school district that is classified as a  
40 heavily impacted school district having twenty percent or more pupils  
41 pursuant to 20 United States Code section 238(d)1(A) may determine its  
42 eligibility to increase the amount that may be included in determining the  
43 general budget limit as provided in subsection K of this section and may  
44 increase the amount as follows:

45 1. For fiscal year 1988-1989:

1       (a) Multiply \$1,094 by the number of children with disabilities or  
2 children with specific learning disabilities, excluding children who also  
3 reside on Indian lands, reported to the division of impact aid, United  
4 States department of education in the district's application for fiscal  
5 year 1987-1988.

6       (b) Multiply \$547 by the number of children residing on Indian  
7 lands, excluding children who have disabilities or also have specific  
8 learning disabilities, reported to the division of impact aid, United  
9 States department of education in the district's application for fiscal  
10 year 1987-1988.

11       (c) Multiply \$1,914 by the number of children residing on Indian  
12 lands who have disabilities or also have specific learning disabilities  
13 reported to the division of impact aid, United States department of  
14 education in the district's application for fiscal year 1987-1988.

15       (d) Add the amounts determined in subdivisions (a) through (c) of  
16 this paragraph.

17       (e) If the amount of title VIII of the elementary and secondary  
18 education act of 1965 assistance as provided in subsection K of this  
19 section is less than the sum determined in subdivision (d) of this  
20 paragraph, the district is eligible to use this subsection.

21       2. For budget years after 1988-1989, use paragraph 1 of this  
22 subsection, but increase each dollar amount by the growth rate for that  
23 year as prescribed by law, subject to appropriation and use the number of  
24 children reported in the appropriate category for the current fiscal year.

25       3. If the district is eligible to use this subsection, subtract the  
26 amount of title VIII of the elementary and secondary education act of 1965  
27 assistance determined in subsection K of this section from the sum  
28 determined in paragraph 1, subdivision (d) of this subsection. The  
29 difference is the increase in the amount that may be included in  
30 determining the general budget limit as provided in subsection K of this  
31 section, if including this amount does not increase the district's primary  
32 tax rate for the budget year. If the amount of title VIII of the  
33 elementary and secondary education act of 1965 assistance determined in  
34 subsection K of this section is adjusted for the current year, the  
35 increase determined in this paragraph shall be recomputed using the  
36 adjusted amount and the recomputed increase shall be reported to the  
37 department of education by May 15 on a form prescribed by the department  
38 of education.

39       4. If a district uses this subsection, the district is not required  
40 to adjust its budget for the current year based on adjustments in the  
41 estimated amount of title VIII of the elementary and secondary education  
42 act of 1965 assistance as provided in subsection K of this section.

43       P. A school district, except for an accommodation school, that  
44 applies for title VIII of the elementary and secondary education act of  
45 1965 assistance during the current year may budget an amount for title

1 VIII of the elementary and secondary education act of 1965 administrative  
2 costs for ~~the~~ EACH budget year. The amount budgeted for title VIII of the  
3 elementary and secondary education act of 1965 administrative costs is  
4 exempt from the revenue control limit and may not exceed an amount  
5 determined for ~~the budgeted~~ EACH BUDGET year as follows:

6 1. Determine the minimum cost. The minimum cost for fiscal year  
7 1990-1991 is \$2,343. For fiscal year 1991-1992 and thereafter, the  
8 minimum cost is the minimum cost for the prior year increased by the  
9 growth rate as prescribed by law, subject to appropriation.

10 2. Determine the hourly rate. The hourly rate for fiscal year  
11 1990-1991 is \$9.38. For fiscal year 1991-1992 and thereafter, the hourly  
12 rate is the hourly rate for the prior year increased by the growth rate as  
13 prescribed by law, subject to appropriation.

14 3. Determine the title VIII of the elementary and secondary  
15 education act of 1965 revenues available by subtracting the amount of  
16 title VIII of the elementary and secondary education act of 1965  
17 assistance used to increase the general budget limit as provided in  
18 subsections K and O of this section for the current fiscal year from the  
19 total amount of title VIII of the elementary and secondary education act  
20 of 1965 revenues received in the current fiscal year.

21 4. Determine the total number of administrative hours as follows:

22 (a) Determine the sum of the following:

23 (i) 1.00 hours for each high impact pupil who is not a person with  
24 a disability or does not have specific learning disabilities.

25 (ii) 1.25 hours for each high impact pupil who is a person with a  
26 disability or has specific learning disabilities.

27 (iii) 0.25 hours for each low impact pupil who is not a person with  
28 a disability or does not have specific learning disabilities.

29 (iv) 0.31 hours for each low impact pupil who is a person with a  
30 disability or has specific learning disabilities.

31 (b) For the purposes of this paragraph:

32 (i) "High impact pupil" means a pupil who resides on Indian lands  
33 or a pupil who resides on federal property or in low rent housing and  
34 whose parent is employed on federal property or low rent housing property  
35 or is on active duty in uniformed service, as provided in title VIII of  
36 the elementary and secondary education act of 1965, section 8003(a) (20  
37 United States Code section 7703) and as reported in the application for  
38 title VIII of the elementary and secondary education act of 1965  
39 assistance in the current year.

40 (ii) "Low impact pupil" means a pupil who resides on nonfederal  
41 property and has a parent who is employed on federal property or low rent  
42 housing property or is on active duty in a uniformed service or a pupil  
43 who resides on federal property or in low rent housing and who does not  
44 have a parent who is employed on federal property or low rent housing  
45 property or is on active duty in uniformed service, as provided in title

1 VIII of the elementary and secondary education act of 1965, section  
2 8003(a) (20 United States Code section 7703) and as reported in the  
3 application for title VIII of the elementary and secondary education act  
4 of 1965 assistance in the current year.

5       5. Multiply the total number of administrative hours determined in  
6 paragraph 4 of this subsection by the hourly rate determined in paragraph  
7 2 of this subsection.

8       6. Determine the greater of the minimum cost determined in  
9 paragraph 1 of this subsection or the product determined in paragraph 5 of  
10 this subsection.

11       7. Add to the amount determined in paragraph 6 of this subsection  
12 the amount, if any, to be expended by the school district in ~~the~~ EACH  
13 budget year through an intergovernmental agreement with other school  
14 districts or the department of education to provide title VIII of the  
15 elementary and secondary education act of 1965 technical assistance to  
16 participating districts.

17       8. Determine the lesser of the amount determined in paragraph 7 of  
18 this subsection or the revenues available as determined in paragraph 3 of  
19 this subsection FOR EACH BUDGET YEAR.

20       9. The amount determined in paragraph 8 of this subsection is the  
21 maximum amount that may be budgeted for title VIII of the elementary and  
22 secondary education act of 1965 administrative costs for ~~the~~ EACH budget  
23 year as provided in this subsection.

24       10. If the governing board underestimated the amount that may be  
25 budgeted for title VIII of the elementary and secondary education act of  
26 1965, section 8007 administrative costs for the current year, the board  
27 may adjust the general budget limit and the budget before May 15. If the  
28 governing board overestimated the amount that may be budgeted for title  
29 VIII of the elementary and secondary education act of 1965 administrative  
30 costs for the current year, the board shall adjust the general budget  
31 limit and the budget before May 15.

32       Q. If a school district governing board has adopted a budget for a  
33 fiscal year based on forms and instructions provided by the auditor  
34 general and the department of education for that fiscal year and if, as a  
35 result of the enactment or nonenactment of proposed legislation after May  
36 1 of the previous fiscal year, the budget is based on incorrect limits,  
37 does not include items authorized by law or does not otherwise conform  
38 with law, the governing board may revise its budget at a public hearing on  
39 or before September 15 to conform with the law. Not later than September  
40 18, the budget as adjusted shall be submitted electronically to the  
41 superintendent of public instruction. If the governing board does not  
42 revise the budget on or before September 15 and if the budget includes any  
43 items not authorized by law or if the budget exceeds any limits, the  
44 governing board shall adjust or revise the budget as provided in  
45 subsection E of this section.

1 R. Notwithstanding any other law, if a school district receives  
2 assistance pursuant to title VIII of the elementary and secondary  
3 education act of 1965, the school district shall establish a local level  
4 fund designated as the impact aid fund and deposit the impact aid monies  
5 received in the fund. The school district shall separately account for  
6 monies in the fund and shall not combine monies in the fund with any other  
7 source of local, state or federal assistance. Monies in the fund shall be  
8 expended pursuant to federal law only for the purposes allowed by this  
9 title. The school district shall account for monies in the fund according  
10 to the uniform system of financial records as prescribed by the auditor  
11 general. The superintendent of public instruction shall separately  
12 account for monies in each school district's impact aid fund, if an impact  
13 aid fund is established, in the annual report required by section 15-255.  
14 Monies in the fund are considered federal monies and are not subject to  
15 legislative appropriation.

16 S. For the purposes of this section, "title VIII of the elementary  
17 and secondary education act of 1965 assistance" means, for the current  
18 year, an amount equal to the final determination of title VIII of the  
19 elementary and secondary education act of 1965 assistance for the fiscal  
20 year preceding the current year as confirmed by the division of impact  
21 aid, United States department of education or, if a final determination  
22 has not been made, the amount estimated by the superintendent of public  
23 instruction as confirmed by the division of impact aid, United States  
24 department of education and, for ~~the~~ EACH budget year, an amount equal to  
25 the determination of title VIII of the elementary and secondary education  
26 act of 1965 assistance for the fiscal year preceding the budget year as  
27 estimated by the superintendent of public instruction.

28 Sec. 6. Section 15-915, Arizona Revised Statutes, is amended to  
29 read:

30 15-915. Correction of state aid or budget limit errors;  
31 definition

32 A. If the superintendent of public instruction determines that the  
33 calculation of state aid for a school district or charter school or the  
34 calculation of the school district's or charter school's budget limits  
35 within the previous three years did not conform with statutory  
36 requirements, the superintendent shall require correction of the errors as  
37 follows:

38 1. Corrections may be made in the current year or in the budget  
39 year IMMEDIATELY FOLLOWING THE CURRENT YEAR, except that in case of  
40 hardship to the school district, the superintendent may approve  
41 corrections partly in one year and partly in the year after that year.

42 2. Errors in the calculation of state aid shall be corrected by  
43 increasing or decreasing the state aid to the school district or charter  
44 school in the year or years in which the correction is made.

1        3. Errors in the calculation of the school district's or charter  
2 school's budget limits shall be corrected at a public hearing by requiring  
3 the governing board to reduce or by allowing it to increase its budget by  
4 the amount of the correction to be made that year. Overbudgeting errors  
5 corrected as provided in this paragraph are exempt from section 15-905,  
6 subsections L and M. Not later than three days after the hearing and  
7 correction, the budget as revised shall be submitted electronically to the  
8 superintendent of public instruction. This paragraph does not require a  
9 decrease in state aid that is not otherwise required by paragraph 2 of  
10 this subsection.

11        B. Subject to the review by the joint legislative budget committee,  
12 the superintendent of public instruction shall adjust state aid for a  
13 school district in the current year if the governing board of a school  
14 district requests the recalculation of state aid for a prior year due to a  
15 change in assessed valuation that occurred as the result of any of the  
16 following:

17            1. A court judgment in accordance with section 42-16213.

18            2. A decision by a county board of equalization in accordance with  
19 section 42-16108.

20            3. A decision by the state board of equalization in accordance with  
21 section 42-16162.

22            4. The correction of a property tax error pursuant to title 42,  
23 chapter 16, article 6.

24        C. Notwithstanding subsection A of this section, a school district  
25 or charter school may not make upward revisions to its average daily  
26 membership counts for a particular school year after June 30 of the  
27 subsequent school year.

28        D. For the purposes of this section, "state aid":

29            1. For school districts, means state aid as determined in section  
30 15-971 and additional state aid as determined in section 15-972.

31            2. For charter schools, means state aid as determined in section  
32 15-185.