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STATE OF ARIZONA

Application for Serial Number
Initiative Petition
A.R.S. § 19-111

The undersigned intends to circulate and file an initiative petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Attached hereto is the full title and text, in no less than eight point type, of the measure or constitutional amendment intended to be initiated at the next general election.

☑ **Statutory Measure** ☐ **Constitutional Amendment**

Date of Application	04/27/2018
Signatures Required	150,642
Deadline for Filing	July 5, 2018
Serial Number Issued	I-16-2018

The Invest in Education Act increases the classroom site fund by raising the income tax rate by 3.46% on individual incomes over a quarter million dollars (or household incomes over half a million dollars), and by 4.46% on individual incomes over half a million dollars (or household incomes over a million dollars); designates 60% of new funds for teacher salaries and 40% for operations; adds full day kindergarten and pay raises for student support services personnel as permitted fund uses; requires governing boards seek teacher and personnel input on fund use plans; defines teacher and student support services personnel.

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Invest in Education Committee
Committee Name

2018-00525
Committee ID No.

Joshua Buckley
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Treasurer

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By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:

☑ That I have read and understand the accompanying Instructions for Statewide Initiatives, including the Secretary of State's recommended best practices for printing copies of the Statewide Initiative Petition to be circulated.

☑ That at the time of filing, I was provided instructions regarding accurate completion of the electronic Statewide Initiative Petition form.

Applicant Signature

04/26/2018
Date

OFFICIAL TITLE
AN INITIATIVE MEASURE

ENACTING THE INVEST IN EDUCATION ACT; AMENDING SECTION 15-977, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1011, ARIZONA REVISED STATUTES; RELATING TO TEACHER PAY AND STUDENT SUPPORT.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

Section 1. Short Title

This act may be cited as the "Invest in Education Act."

Sec. 2. Section 15-977, Arizona Revised Statutes, is amended to read:

15-977. Classroom site fund; definitions

A. The classroom site fund is established consisting of monies transferred to the fund pursuant to section 37-521, subsection B, section 42-5029, subsection E, paragraph 10 AND SECTION 43-1011, SUBSECTION A, PARAGRAPH 6. The department of education shall administer the fund. School districts and charter schools may not supplant existing school site funding with revenues from the fund. All monies distributed from the fund are intended for use at the school site. With monies transferred to the fund pursuant to section 37-521, subsection B and section 42,5029, subsection E, each school district or charter school shall allocate forty percent of the monies for teacher compensation increases based on performance and employment related expenses, twenty percent of the monies for teacher base salary increases and employment related expenses and forty percent of the monies for maintenance and operation purposes as prescribed in subsection H of this section. MONIES TRANSFERRED TO THE FUND PURSUANT TO SECTION 43-1011, SUBSECTION D, MAY BE USED TO FUND THE DEPARTMENT OF EDUCATION'S AND DEPARTMENT OF REVENUE'S REASONABLE COSTS ACTUALLY INCURRED IN IMPLEMENTING OR EXECUTING THE INVEST IN EDUCATION ACT. SUCH COSTS SHALL BE DISCLOSED TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR PUBLICATION. FOR THE REMAINDER OF MONIES TRANSFERRED TO THE FUND PURSUANT TO SECTION 43-1011, SUBSECTION D, EACH SCHOOL DISTRICT OR CHARTER SCHOOL SHALL ALLOCATE SIXTY PERCENT OF THE MONIES FOR TEACHER BASE SALARY INCREASES AND EMPLOYMENT-RELATED EXPENSES AND FORTY PERCENT OF THE MONIES FOR MAINTENANCE AND OPERATION PURPOSES AS PRESCRIBED IN SUBSECTION H OF THIS SECTION. Teacher compensation increases based on performance or teacher base salary increases distributed pursuant to this subsection shall supplement, and not supplant, teacher compensation monies from any other sources. The school district or charter school shall notify each school principal of the amount available to the school by April 15 of each year. The district or charter school shall request from the school's principal each school's priority for the allocation of the funds available to the school for each program listed under subsection H of this section. The amount budgeted by the school district or charter school pursuant to this section shall not be included in the allowable budget balance carryforward calculated pursuant to section 15-943.01.

B. A school district governing board must adopt a performance based compensation system at a public hearing to allocate funding from the classroom site fund pursuant to subsection A of this section. Individual teacher performance as measured by the teacher's performance classification pursuant to section 15-203, subsection A, paragraph 38 shall be a component of the school district's portion of the forty percent allocation for teacher compensation based on performance and employment related expenses.

C. A school district governing board shall vote on a performance based compensation system that includes the following elements:

1. School district performance and school performance.

2. Individual teacher performance as measured by the teacher's performance classification pursuant to section 15-203, subsection A, paragraph 38. The individual teacher performance component shall account for thirty-three percent of the forty percent allocation for teacher compensation based on performance and employment related expenses.

3. Measures of academic progress toward the academic standards adopted by the state board of education.

4. Other measures of academic progress.

5. Dropout or graduation rates.

6. Attendance rates.

7. Ratings of school quality by parents.

8. Ratings of school quality by students.

9. The input of teachers and administrators.

10. Approval of the performance based compensation system based on an affirmative vote of at least seventy percent of the teachers eligible to participate in the performance based compensation system.

11. An appeals process for teachers who have been denied performance based compensation.

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12. Regular evaluation for effectiveness, which shall comply with section 15-203, subsection A, paragraph 38.

D. A performance based compensation system shall include teacher professional development programs that are aligned with the elements of the performance based compensation system.

E. A school district governing board may modify the elements contained in subsection C of this section and consider additional elements when adopting a performance based compensation system. A school district governing board shall adopt any modifications or additional elements and specify the criteria used at a public hearing.

~~F. Until December 31, 2009, each school district shall develop an assessment plan for its performance based compensation system and submit the plan to the department of education by December 31 of each year. A copy of the performance based compensation system and assessment plan adopted by the school district governing board shall be included in the report submitted to the department of education.~~

F. A SCHOOL DISTRICT GOVERNING BOARD MUST DEVELOP AND ADOPT AT A PUBLIC MEETING A PLAN FOR THE DISTRIBUTION OF MONIES RECEIVED FROM THE CLASSROOM SITE FUND ANNUALLY. A SCHOOL DISTRICT GOVERNING BOARD MUST IMPLEMENT A PROCESS FOR TEACHERS AND STUDENT SUPPORT SERVICES PERSONNEL TO PROVIDE INPUT ON AND APPROVE THE PROPOSED PLAN PRIOR TO THE ADOPTION OF THE PLAN FOR THE FOLLOWING FISCAL YEAR.

G. Monies in the fund are continuously appropriated, are exempt from the provisions of section 35-190 relating to lapsing of appropriations and shall be distributed as follows:

1. By March 30 of each year, the staff of the joint legislative budget committee shall determine a per pupil amount from the fund for the budget year using the estimated statewide weighted count for the current year pursuant to section 15-943, paragraph 2, subdivision (a) and based on estimated available resources in the classroom site fund for the budget year adjusted for any prior year carryforward or shortfall.

2. The allocation to each charter school and school district for a fiscal year shall equal the per pupil amount established in paragraph 1 of this subsection for the fiscal year multiplied by the weighted student count for the school district or charter school for the fiscal year pursuant to section 15-943, paragraph 2, subdivision (a). For the purposes of this paragraph, the weighted student count for a school district that serves as the district of attendance for nonresident pupils shall be increased to include nonresident pupils who attend school in the school district.

H. Monies distributed from the classroom site fund shall be spent for the following maintenance and operation purposes:

1. Class size reduction.

2. Teacher compensation increases.

3. Assessment intervention programs.

4. Teacher development.

5. Dropout prevention programs.

6. Teacher liability insurance premiums.

7. STUDENT SUPPORT SERVICES PERSONNEL COMPENSATION INCREASES.

8. FULL DAY KINDERGARTEN.

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I. The district governing board or charter school shall allocate the classroom site fund monies to include, wherever possible, the priorities identified by the principals of the schools while assuring that the funds maximize classroom opportunities and conform to the authorized expenditures identified in subsection A of this section.

J. School districts and charter schools that receive monies from the classroom site fund shall submit a report by November 15 of each year to the superintendent of public instruction that provides an accounting of the expenditures of monies distributed from the fund during the previous fiscal year and a summary of the results of district and school programs funded with monies distributed from the fund. The department of education in conjunction with the auditor general shall prescribe the format of the report under this subsection.

K. School districts and charter schools that receive monies from the classroom site fund shall receive these monies monthly in an amount not to exceed one-twelfth of the monies estimated pursuant to subsection G of this section, except that if there are insufficient monies in the fund that month to make payments, the distribution for that month shall be prorated for each school district or charter school. The department of education may make an additional payment in the current month for any prior month or months in which school districts or charter schools received a prorated payment if there are sufficient monies in the fund that month for the additional payments. The state is not required to make payments to a school district or charter school classroom site fund if the state classroom site fund revenue collections are insufficient to meet the estimated allocations to school districts and charter schools pursuant to subsection G of this section.

L. The state education system for committed youth shall receive monies from the classroom site fund in the same manner as school districts and charter schools. The Arizona state schools for the deaf and the blind shall receive monies from the classroom site fund in an amount that corresponds to the weighted student count for the current year pursuant to section 15-943, paragraph 2, subdivision (b) for each

pupil enrolled in the Arizona state schools for the deaf and the blind. Except as otherwise provided in this subsection, the Arizona state schools for the deaf and the blind and the state education system for committed youth are subject to this section in the same manner as school districts and charter schools.

M. Each school district and charter school, including school districts that unify pursuant to section 15-448 or consolidate pursuant to section 15-459, shall establish a local level classroom site fund to receive allocations from the state level classroom site fund. The local level classroom site fund shall be a budgetary controlled account. Interest charges for any registered warrants for the local level classroom site fund shall be a charge against the local level classroom site fund. Interest earned on monies in the local level classroom site fund shall be added to the local level classroom site fund as provided in section 15-978. This state shall not be required to make payments to a school district or charter school local level classroom site fund that are in addition to monies transferred to the state level classroom site fund pursuant to section 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

N. Monies distributed from the classroom site fund for class size reduction, assessment intervention and dropout prevention programs shall only be used for instructional purposes in the instruction function as defined in the uniform system of financial records, except that monies shall not be used for school-sponsored athletics.

O. For the purposes of this section:

1. "Assessment intervention" means summer programs, after school programs, before school programs or tutoring programs that are specifically designed to ensure that pupils meet the Arizona academic standards as measured by the statewide assessment prescribed by section 15-741.

2. "Class size reduction" means any maintenance and operations expenditure that is designed to reduce the ratio of pupils to classroom teachers, including the use of persons who serve as aides to classroom teachers.

3. "TEACHER" MEANS ANY NON-ADMINISTRATIVE PERSONNEL WHO TEACHES STUDENTS OR SUPPORTS STUDENT ACADEMIC ACHIEVEMENT AS DEFINED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY INCLUDING, BUT NOT LIMITED TO NURSES, COUNSELORS, SOCIAL WORKERS, PSYCHOLOGISTS, SPEECH PATHOLOGISTS, LIBRARIANS AND ACADEMIC INTERVENTIONISTS.

4. "STUDENT SUPPORT SERVICES PERSONNEL" MEANS ANY NON-ADMINISTRATIVE SCHOOL PERSONNELWHO PROVIDE STUDENT SUPPORT AND INSTRUCTIONAL SUPPORT SERVICES AS DEFINED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY INCLUDING, BUT NOT LIMITED TO STUDENT FOOD SERVICE, STUDENT TRANSPORTATION, AND SCHOOL SITE PLANT OPERATIONS.

Sec. 3. Section 43-1011, Arizona Revised Statutes, is amended to read:

43-1011. Taxes and tax rates

A. There shall be levied, collected and paid for each taxable year on the entire taxable income of every resident of this state and on the entire taxable income of every nonresident that is derived from sources within this state taxes determined in the following manner:

1. For taxable years beginning from and after December 31, 1996 through December 31, 1997:

(a) In the case of a single person or a married person filing separately:

If taxable income is:	The tax is:
$0 - $10,000	2.90% of taxable income
$10,001 - $25,000	$290, plus 3.30% of the excess over $10,000
$25,001 - $50,000	$785, plus 3.90% of the excess over $25,000
$50,001 - $150,000	$1,760, plus 4.80% of the excess over $50,000
$150,001 and over	$6,560, plus 5.17% of the excess over $150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is:	The tax is:
$0 - $20,000	2.90% of taxable income
$20,001 - $50,000	$580, plus 3.30% of the excess over $20,000
$50,001 - $100,000	$1,570, plus 3.90% of the excess over $50,000
$100,001 - $300,000	$3,520, plus 4.80% of the excess over $100,000
$300,001 and over	$13,120, plus 5.17% of the excess over $300,000

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2. For taxable years beginning from and after December 31, 1997 through December 31, 1998:

(a) In the case of a single person or a married person filing separately:

If taxable income is:	The tax is:
$0 - $10,000	2.88% of taxable income
$10,001 - $25,000	$288, plus 3.24% of the excess over $10,000
$25,001 - $50,000	$774, plus 3.82% of the excess over $25,000
$50,001 - $150,000	$1,729, plus 4.74% of the excess over $50,000
$150,001 and over	$6,469, plus 5.10% of the excess over $150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is:	The tax is:
$0 - $20,000	2.88% of taxable income
$20,001 - $50,000	$576, plus 3.24% of the excess over $20,000
$50,001 - $100,000	$1,548, plus 3.82% of the excess over $50,000
$100,001 - $300,000	$3,458, plus 4.74% of the excess over $100,000
$300,001 and over	$12,938, plus 5.10% of the excess over $300,000

3. For taxable years beginning from and after December 31, 1998 through December 31, 2005:

(a) In the case of a single person or a married person filing separately:

If taxable income is:	The tax is:
$0 - $10,000	2.87% of taxable income
$10,001 - $25,000	$287, plus 3.20% of the excess over $10,000
$25,001 - $50,000	$767, plus 3.74% of the excess over $25,000
$50,001 - $150,000	$1,702, plus 4.72% of the excess over $50,000
$150,001 and over	$6,422, plus 5.04% of the excess over $150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is:	The tax is:
$0 - $20,000	2.87% of taxable income
$20,001 - $50,000	$574, plus 3.20% of the excess over $20,000
$50,001 - $100,000	$1,534, plus 3.74% of the excess over $50,000
$100,001 - $300,000	$3,404, plus 4.72% of the excess over $100,000
$300,001 and over	$12,844, plus 5.04% of the excess over $300,000

4. For taxable years beginning from and after December 31, 2005 through December 31, 2006:

(a) In the case of a single person or a married person filing separately:

If taxable income is:	The tax is:
$0 - $10,000	2.73% of taxable income
$10,001 - $25,000	$273, plus 3.04% of the excess over $10,000
$25,001 - $50,000	$729, plus 3.55% of the excess over $25,000
$50,001 - $150,000	$1,617, plus 4.48% of the excess over $50,000

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$150,001 and over	$6,097, plus 4.79% of the excess over $150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is:	The tax is:
$0 - $20,000	2.73% of taxable income
$20,001 - $50,000	$546, plus 3.04% of the excess over $20,000
$50,001 - $100,000	$1,458, plus 3.55% of the excess over $50,000
$100,001 - $300,000	$3,233, plus 4.48% of the excess over $100,000
$300,001 and over	$12,193, plus 4.79% of the excess over $300,000

5. Subject to subsection B and C of this section, for taxable years beginning from and after December 31, 2006:

(a) In the case of a single person or a married person filing separately:

If taxable income is:	The tax is:
$0 - $10,000	2.59% of taxable income
$10,001 - $25,000	$259, plus 2.88% of the excess over $10,000
$25,001 - $50,000	$691, plus 3.36% of the excess over $25,000
$50,001 - $150,000	$1,531, plus 4.24% of the excess over $50,000
$150,001 and over	$5,771, plus 4.54% of the excess over $150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is:	The tax is:
$0 - $20,000	2.59% of taxable income
$20,001 - $50,000	$518, plus 2.88% of the excess over $20,000
$50,001 - $100,000	$1,382, plus 3.36% of the excess over $50,000
$100,001 - $300,000	$3,062, plus 4.24% of the excess over $100,000
$300,001 and over	$11,542, plus 4.54% of the excess over $300,000

6. SUBJECT TO SUBSECTIONS B, C, AND D OF THIS SECTION, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2018:

(a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY:

IF TAXABLE INCOME IS:	THE TAX IS:
$0 - $10,000	2.59% OF TAXABLE INCOME
$10,001 - $25,000	$259, PLUS 2.88% OF THE EXCESS OVER $10,000
$25,001 - $50,000	$691, PLUS 3.36% OF THE EXCESS OVER $25,000
$50,001 - $150,000	$1,531, PLUS 4.24% OF THE EXCESS OVER $50,000
$150,001 - $250,000	$5,771, PLUS 4.54% OF THE EXCESS OVER $150,000
$250,001-$500,000	$10,311, PLUS 8.00% OF THE EXCESS OVER $250,000
$500,001 AND OVER	$30,311, PLUS 9.00% OF THE EXCESS OVER $500,000

(b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:

IF TAXABLE INCOME IS:	THE TAX IS:
$0 - $20,000	2.59% OF THE TAXABLE INCOME

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$20,001 - $50,000	$518, PLUS 2.88% OF THE EXCESS OVER $20,000
$50,001 - $100,000	$1,382, PLUS 3.36% OF THE EXCESS OVER $50,000
$100,001 - $300,000	$3,062, PLUS 4.24% OF THE EXCESS OVER $100,000
$300,001 - $500,000	$11,542, PLUS 4.54% OF THE EXCESS OVER $300,000
$500,001 - $1,000,000	$20,622, PLUS 8.00% OF THE EXCESS OVER $500,000
$1,000,001 AND OVER	$60,622, PLUS 9.00% OF THE EXCESS OVER $1,000,000

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B. For the taxable year beginning from and after December 31, 2014 through December 31, 2015, the department shall adjust the income dollar amounts for each rate bracket prescribed by subsection A, paragraph 5 of this section according to the average annual change in the metropolitan Phoenix consumer price index published by the United States bureau of labor statistics. The revised dollar amounts shall be raised to the nearest whole dollar. The income dollar amounts for each rate bracket may not be revised below the amounts prescribed in the prior taxable year.

C. For each taxable year beginning from and after December 31, 2015, the department shall adjust the income dollar amounts for each rate bracket prescribed by subsection A, paragraph 5 of this section according to the average annual change in the metropolitan Phoenix consumer price index published by the United States bureau of labor statistics. The revised dollar amounts shall be raised to the nearest whole dollar. The income dollar amounts for each rate bracket may not be revised below the amounts prescribed in the prior taxable year.

D. NOTWITHSTANDING SECTIONS 43-206 AND 42-1116 FOR EACH TAXABLE YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2018, THE DEPARTMENT SHALL CALCULATE AND DIRECT THE TREASURER TO DEPOSIT THE FOLLOWING AMOUNTS INTO THE CLASSROOM SITE FUND, ESTABLISHED BY SECTION 15-977:

1. FROM EACH SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY WHOSE TAXABLE INCOME IS BETWEEN $250,001 AND $500,000, THE NET PROCEEDS OF STATE INCOME TAXES THAT REPRESENT 3.46% OF THE TAXABLE INCOME IN EXCESS OVER $250,000.

2. FROM EACH SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY WHOSE TAXABLE INCOME IS $500,001 AND OVER, THE NET PROCEEDS OF STATE INCOME TAXES THAT REPRESENT 4.46% OF THE TAXABLE INCOME IN EXCESS OVER $500,000.

3. FROM EACH MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD WHOSE TAXABLE INCOME IS BETWEEN $500,001 AND $1,000,000, THE NET PROCEEDS OF STATE INCOME TAXES THAT REPRESENT 3.46% OF THE TAXABLE INCOME IN EXCESS OVER $500,000.

4. FROM EACH MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD WHOSE TAXABLE INCOME IS $1,000,001 AND OVER, THE NET PROCEEDS OF STATE INCOME TAXES THAT REPRESENT 4.46% OF THE TAXABLE INCOME IN EXCESS OVER $1,000,000.

E.THE EXPENDITURE OF FUNDS DEPOSITED IN THE CLASSROOM SITE FUND PURSUANT TO THIS SECTION IS AUTHORIZED NOTWITHSTANDING ANY EXPENDITURE LIMITATION ESTABLISHED PURSUANT TO ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA.

Sec. 5. Prohibition on supplanting or replacing

The additional revenues to support education generated by this initiative are in addition to any other appropriation, transfer or other allocation of public or private monies from any other source and may not supplant, replace or cause a reduction in other school district, and charter school funding sources.

Sec. 6. Severability

If a provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Sec. 7. Legal Defense

The People of Arizona desire that this initiative, if approved by the voters, be defended if it is challenged in court. They therefore declare that the political committee registered to circulate petitions and campaign in support of the adoption of this initiative, or any one or more of its officers, have standing to defend this initiative on behalf of and as the agent of the People of Arizona in any legal action brought to challenge the validity of this initiative.