

Conference Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 315

HOUSE BILL 2074

AN ACT

AMENDING SECTIONS 15-482 AND 15-943.01, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT BUDGETING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-482, Arizona Revised Statutes, is amended to
3 read:

4 15-482. Special budget override provisions; special programs to
5 improve academic achievement of pupils in
6 kindergarten programs and grades one through three

7 A. An additional budget increase may be requested and authorized as
8 provided in section 15-481, subsections I and J of up to five per cent of the
9 revenue control limit as provided in subsection B of this section if the
10 following conditions are met:

11 1. The school district uses a task force of educators and other
12 persons to develop a special program designed to improve the academic
13 achievement of low achieving pupils in kindergarten programs and grades one
14 through three, with the goal that all pupils capable of doing so will learn
15 the basic skills necessary for fourth grade work by the end of the third
16 grade.

17 2. The amount of the proposed budget increase as provided in
18 subsection B of this section is for use for the special program and is to
19 supplement, not supplant, programs for pupils in kindergarten programs and
20 grades one through three which were in existence prior to the budget
21 increase, unless in the fiscal year prior to the fiscal year of the proposed
22 budget increase special programs for pupils in kindergarten programs and
23 grades one through three were in existence and were funded with proceeds from
24 the sale or lease of school property, as provided in section 15-1102.

25 B. The maximum amount of the budget increase requested and authorized
26 shall not exceed the budgeted expenditures of the proposed special program
27 for each fiscal year, not to exceed a total of five per cent of the revenue
28 control limit for each fiscal year. For a unified school district, a common
29 school district not within a high school district or a common school district
30 within a high school district that offers instruction in high school subjects
31 as provided in section 15-447, five per cent of the revenue control limit
32 means five per cent of the revenue control limit attributable to the weighted
33 student count in preschool programs for children with disabilities,
34 kindergarten programs and grades one through eight as provided in section
35 15-971, subsection B.

36 C. For each fiscal year in which a budget increase of up to five per
37 cent of the revenue control limit is authorized as provided in subsection A
38 of this section, the governing board shall:

39 1. Utilize a separate annual special program budget on a form
40 prescribed by the auditor general in conjunction with the department of
41 education. The budget format shall be designed to allow a school district
42 to plan and provide in detail for expenditures to be incurred as a result of
43 the special program.

44 2. Prepare as a part of the school district annual financial report
45 a detailed report of expenditures incurred as a result of the special

1 program, in a format prescribed by the auditor general in conjunction with
2 the department of education, as provided in section 15-904.

3 ~~3. Reduce the general budget limit and adjust the budget by the amount~~
4 ~~of the difference if expenditures for the special program are less than the~~
5 ~~amount budgeted for the special program.~~

6 D. The special program may be designed for any or all of the pupils
7 enrolled in kindergarten programs and grades one through three and may
8 involve efforts to remove barriers to academic achievement as well as efforts
9 to improve instruction or increase the amount of instruction. The special
10 program, at a minimum, shall focus on pupils who, because of innate factors,
11 are not succeeding in the school environment as identified by parents,
12 guardians or school personnel. These pupils may include, but are not limited
13 to, those who do not qualify for special education services, who have
14 measured intelligence quotients of between seventy and eighty-five or who
15 exhibit characteristics of attention deficit disorder or learning patterns
16 attributable to prenatal substance exposure.

17 E. During any fiscal year in which proceeds from the sale or lease
18 of school property are used for the maintenance and operation section of the
19 budget as provided in section 15-1102, a budget increase is in effect as
20 provided in section 15-481, subsection E or F, or a budget increase is in
21 effect as provided in this section, or any combination of these conditions
22 occurs, the total amount of the proceeds and increases which may be expended
23 is equal to fifteen per cent of the revenue control limit for that year as
24 provided in section 15-947, subsection A, provided that the following maximum
25 amount is attributable to any one of the conditions:

26 1. Fifteen per cent of the revenue control limit if using the proceeds
27 from the sale or lease of school property for the maintenance and operation
28 section of the budget as provided in section 15-1102.

29 2. Ten per cent of the revenue control limit if using a budget
30 increase as provided in section 15-481, subsection E or F, or both.

31 3. Five per cent of the revenue control limit if using a budget
32 increase as provided in this section.

33 Sec. 2. Section 15-943.01, Arizona Revised Statutes, is amended to
34 read:

35 15-943.01. Maintenance and operation budget balance; definition

36 A. The governing board of a school district may budget any budget
37 balance in the maintenance and operation section of the budget, as provided
38 in section 15-903, from the current fiscal year for use in the maintenance
39 and operation section of the budget in the budget year. The amount which may
40 be budgeted as the budget balance carry forward CARRYFORWARD in any one
41 fiscal year shall not exceed four per cent of the school district's revenue
42 control limit, as provided in section 15-947, subsection A, for the current
43 year and shall not include any budget balance attributable to any reduction
44 in the district's general budget limit including reductions for items which
45 are exempt from the revenue control limit and for which expenditures are

1 limited to a designated purpose such as excess insurance costs or excess
2 utility costs or for the bond issues portion of the cost of tuition. A
3 SCHOOL DISTRICT MAY INCLUDE IN THE BUDGET BALANCE CARRYFORWARD IN ANY FISCAL
4 YEAR UP TO FIFTY PER CENT OF THE UNSPENT PROCEEDS OF AN OVERRIDE ELECTION
5 CONDUCTED PURSUANT TO SECTION 15-482. The amount budgeted as the budget
6 balance ~~carry forward~~ CARRYFORWARD is specifically exempt from the revenue
7 control limit.

8 B. If the actual amount of the allowable budget balance ~~carry forward~~
9 CARRYFORWARD is less than the amount budgeted for the budget balance ~~carry~~
10 ~~forward~~ CARRYFORWARD, the governing board shall adjust the general budget
11 limit and expenditures before May 15 based on the actual allowable budget
12 balance ~~carry forward~~ CARRYFORWARD. If the actual amount of the allowable
13 budget balance ~~carry forward~~ CARRYFORWARD is more than the amount budgeted
14 for the budget balance ~~carry forward~~ CARRYFORWARD, the governing board may
15 adjust its budget before May 15 based on the actual amount of the allowable
16 fund balance ~~carry forward~~ CARRYFORWARD. Not later than May 18, the budget
17 as revised shall be submitted electronically to the superintendent of public
18 instruction.

19 C. If the governing board is eligible to budget for a budget balance
20 ~~carry forward~~ CARRYFORWARD as provided in subsection A of this section, the
21 governing board may transfer an amount from the district's ending cash
22 balance of the maintenance and operations fund to the school opening
23 fund. The maximum amount that may be transferred is the lesser of the
24 district's ending cash balance in the maintenance and operations fund or the
25 amount the district is eligible to budget as a budget balance ~~carry forward~~
26 CARRYFORWARD. The school opening fund is a cash controlled fund as provided
27 in section 15-905, subsection N, and may only be expended for the additional
28 maintenance and operations expenses incurred in the first year of operation
29 of a new school within the school district. The monies in the school opening
30 fund are not subject to reversion, except that at the end of five years of
31 no activity in the fund, any remaining monies shall be reverted to the
32 maintenance and operations fund. Any monies so reverted may be considered
33 additional budget balance for that fiscal year.

34 D. If a governing board transfers monies as provided in subsection C
35 of this section, the amount so transferred in a fiscal year shall be
36 subtracted from the amount the district would otherwise be eligible to budget
37 for that fiscal year as provided in subsection A of this section. The
38 difference, if any, is the maximum amount that may be budgeted for that
39 fiscal year as a budget balance ~~carry forward~~ CARRYFORWARD.

40 E. For THE purposes of this section, "budget balance" means the
41 difference between actual and budgeted expenditures.

APPROVED BY THE GOVERNOR JUNE 3, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 3, 2004.

Passed the House March 11, 2004

Passed the Senate May 13, 2004

by the following vote: 38 Ayes,

by the following vote: 26 Ayes,

19 Nays, 3 Not Voting

0 Nays, 4 Not Voting

Jake Flaherty
Speaker of the House

Ken Bennett
President of the Senate

Norman L. Moore
Chief Clerk of the House

Charmine Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

_____ day of _____, 20__

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20__

at _____ o'clock _____ M.

Governor of Arizona

H.B. 2074

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20__

at _____ o'clock _____ M.

Secretary of State

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 26, 2004,

by the following vote: 55 Ayes,

0 Nays, 5 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 26, 2004,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

Ken Bennett
President of the Senate

Charmine Billington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 27th day of May, 2004,

at 8:35 o'clock a. M.

Jennifer Ybarra
Secretary to the Governor

Approved this 3 day of

June, 2004,

at 3⁴⁰ o'clock P. M.

J. R. Northington
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 3 day of June, 2004,

at 4:22 o'clock P. M.

Jamie L. Brewer
Secretary of State

H.B. 2074