

**PROPOSITION 300**  
**OFFICIAL TITLE****SENATE CONCURRENT RESOLUTION 1005**

AN ACT AMENDING SECTION 37-521, ARIZONA REVISED STATUTES; RELATING TO STATE SCHOOL TRUST LAND REVENUES.

**TEXT OF THE PROPOSED AMENDMENT**

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

Section 1. Section 37-521, Arizona Revised Statutes, is amended to read:

37-521. Permanent state school fund: composition: use

A. The permanent state school fund shall consist of:

1. The proceeds of all lands granted to the state by the United States for the support of common schools.

2. All property which accrues to the state by escheat or forfeiture.

3. All property donated for the benefit of the common schools, unless the terms of the donation otherwise provide.

4. All unclaimed shares and dividends of any corporation incorporated under the laws of this state.

5. The proceeds of sale of timber, mineral, gravel or other natural products or property from school lands and state lands other than those granted for specific purposes.

6. The residue of the lands granted for payment of the bonds and accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties, after the purpose of the grant has been satisfied, and the five per cent of the proceeds of sales of public lands lying within this state sold by the United States subsequent to admission of this state into the union, as granted by the enabling act.

B. The fund shall be and remain a perpetual fund and distributions from the fund pursuant to article X, section 7, Constitution of Arizona, ~~together with the PLUS monies derived from the rental of the lands and property, including interest and accrued rent for that year credited pursuant to section 37-295 AND INTEREST PAID ON INSTALLMENT SALES,~~ shall be used as follows:

1. If there are outstanding state school facilities revenue bonds pursuant to title 15, chapter 16, article 6, the state treasurer AND THE STATE LAND DEPARTMENT shall annually transfer to the state school facilities revenue bond debt service fund established in section 15-2054 the amount that is necessary to pay that fiscal year's debt service on outstanding state school facilities revenue bonds.

2. If there are no outstanding state school facilities revenue bonds pursuant to title 15, chapter 16, article 6 or if the amount of monies available under this subsection exceeds the amount required under paragraph 1 of this subsection, the monies are subject to legislative appropriation to the new school facilities fund established by section 15-2041.

3. If the amount of monies available under this subsection exceeds the amount required under paragraphs 1 and 2 of this subsection, the legislature may annually appropriate an amount to be used as provided in section 15-971, subsection H, ~~except that the amount appropriated may not exceed the amount appropriated for this purpose in fiscal year 2000-2001~~ EXCEPT THAT THE AMOUNT APPROPRIATED MAY NOT EXCEED THE AMOUNT APPROPRIATED FROM THE PERMANENT STATE SCHOOL FUND AND FROM THE RENT AND INTEREST PAID ON INSTALLMENT SALES FOR THIS PURPOSE IN FISCAL YEAR 2000-2001.

~~4. Notwithstanding paragraphs 1, 2 and 3 of this subsection, from and after June 30, 2001, any expendable earnings from the permanent state school fund that exceed the fiscal year 2000-2001 expendable earnings shall be deposited in the classroom site fund established by section 15-977.~~

4. NOTWITHSTANDING PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, FROM AND AFTER JUNE 30, 2001, ANY EXPENDABLE EARNINGS UNDER THIS SUBSECTION THAT EXCEED THE FISCAL YEAR 2000-2001 EXPENDABLE EARNINGS SHALL BE DEPOSITED IN THE CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977.

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

3. For the purposes of title 37, chapter 2, article 13, Arizona Revised Statutes, as amended by this act, the Legislature intends that funds received pursuant to this act above the fiscal year 2000-2001 appropriation level be used to supplement and not supplant existing statutory funding obligations of this state to the public schools of this state.

**ANALYSIS BY LEGISLATIVE COUNCIL**

In 1910, the United States Congress passed the Arizona-New Mexico Enabling Act, allowing Arizona to become a state. The Enabling Act granted Arizona millions of acres of land, referred to as "state trust land". The state land trust is intended to produce revenue for various public institutions (schools, colleges, prisons, etc.). The largest beneficiary of these revenues is the public schools. The state can lease or sell trust land, and the natural products (timber, minerals, etc.) of the land, only to the "highest and best bidder" at public auction.

Revenues earned from state trust land are classified as either permanent or expendable. Revenues derived from the sale of state trust land and the sale of natural products are deposited in a permanent fund by the State Treasurer and invested in stocks, bonds and other interest-bearing securities. The investment income from the permanent fund and the income from leases are expendable revenues for use by the state trust land beneficiaries. Funds are kept separate according to the designated beneficiary.

In 1998, the legislature enacted a law that requires the expendable revenue from the permanent state school fund to be used in the following order of priority: (1) to pay the debt service on state school facilities revenue bonds, (2) subject to legislative appropriation, to fund new school facilities and (3) to fund basic state aid to schools. In 2000, the legislature capped the amount that could be used to support any of these priorities to the fiscal year 2000-2001 level and provided that any expendable earnings that exceeded the fiscal year 2000-2001 earnings level would be placed in a separate fund called the classroom site fund. Pursuant to statutes approved by the voters in 2000, monies in the classroom site fund shall be spent to provide teachers with base salary and performance based compensation increases and development opportunities, reduce class size, fund intervention and dropout prevention programs and pay for teacher liability insurance premiums.

Proposition 300 would: (1) include interest paid on installment sales as expendable revenue subject to distribution, (2) require the state land department in conjunction with the state treasurer to transfer to the state school facilities revenue bond debt service fund an amount necessary to pay the fiscal year's debt service on outstanding state school facilities revenue bonds, (3) include rent and interest paid on installment sales in the amount that can be distributed for basic state aid to schools and (4) reaffirm the legislature's action directing expendable earnings above the expendable earnings level in fiscal year 2000-2001 to be deposited in the classroom site fund. In addition, Proposition 300 specifies that the Legislature intends that the additional expendable earnings are to be used to supplement and not supplant existing statutory funding obligations of this state to its public schools.

**ARGUMENTS "FOR" PROPOSITION 300****State Trust Land Funds Belong to Our Schools and Children**

At statehood the federal government set aside thousands of acres of "state trust land" to help support our schools. That was the theory. Unfortunately, our school children never saw a dime. Each year the Legislature raided these funds to help balance the state's budget.

Proposition 300 would take the funds out of legislative control. Instead, any increase in these funds would go directly to neighborhood schools for reducing class sizes, increasing teachers' salaries and funding dropout prevention programs.

As a State Senator, I voted to put this proposition on the ballot. We are never going to have quality schools and meaningful accountability unless we commit to adequately funding. I urge you to join me in voting for Proposition 300. We must permanently STOP the Legislature from stealing trust land funds that belong to our school children.

*Jay Blanchard, Ph.D., State Senator, Phoenix*

Paid for by "Educational Resources International"

**HELP OUR TEACHERS!!!****Support Prop 300**

For decades the legislature has ignored education in Arizona. Currently, teachers do not have all the resources needed to educate our children. But with Proposition 300, we have the opportunity to make sure that teachers get the money that they need, and force the legislature to more adequately fund public education in Arizona.

Two years ago, we voted to create the Classroom Site Fund, to provide for teacher pay raises, lower class sizes, and reduce dropout rates. But because of a drafting error, a simple majority vote by the state legislature could deplete this fund of up to \$1 billion over the next ten years.

Proposition 300 also makes it clear to the legislature that money made from the sale or lease of State Trust Land be *added to* legislative appropriations for education, and not *take the place of* those appropriations. This will help ensure that our schools receive the funds necessary to teach our kids.

With the passage of Proposition 300, we will safeguard that \$1 billion for the children and teachers of Arizona, the people who need it most. It will also compel the state government to properly fund the schools in our state. Education is so vital to the future of our state; we must protect this funding. Put education first, and support Prop 300!

*Penny Kotterman, President, Arizona Education Association, Phoenix*

*John Wright, Vice President, Arizona Education Association, Phoenix*

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When Arizona became a state, we were given sections of land by the federal government designated as Trust lands. These lands are managed by the State Land Department and the largest beneficiary of the revenues produced by sale or lease of Trust lands is public education. Trust land revenues are expected to grow in the future and provide a steady stream of funding to our K-12 classrooms. Over the next ten years alone, this will produce billions of dollars, including \$500 million to \$1 billion dollars for classroom priorities such as teacher pay increases, class size reduction and dropout prevention programs. This is just the beginning of what Arizona schools can realize if we maximize revenues from Trust lands.

Until this year, the Trust land revenues were used to offset the State's responsibility to fund schools. In other words, the Trust land monies did not increase the education budget because the Legislature simply subtracted an amount equal to the Trust land revenues from the General Fund dollars budgeted for education. In 2000, the Legislature ended this practice through a change in statute, but a future Legislature could change it back. For that reason, we now seek voter approval of this provision of law to make it more difficult for future legislatures to divert General Fund monies away from education. A measure passed by the voters requires a 3/4 vote by the Legislature to change the law rather than a simple majority vote, and the change must "further the purpose" of the voter-passed law.

Education funding is a critical issue and needs protection for the future. Join me in supporting a quality education for the children of Arizona by using our limited resources wisely.

Please vote "YES" on Proposition 300.

*Jane Dee Hull, Governor, Phoenix*

**Public Schools Chief Supports Prop 300 to Protect Education Dollars!**

As State Superintendent of Public Instruction, I am always working to improve the quality of education in Arizona. And after years of lagging behind most states, we are now starting to give our teachers the resources necessary to be successful.

Two years ago, Arizona voters passed Education 2000, a comprehensive plan to improve our schools. The proposal was historic: it put meaningful resources into reducing class sizes, increasing teacher pay, and lowering the dropout rate. But because of a drafting error by the state legislature, some of this money does not fall under the Voter Protection Act. This means that a simple majority of the state legislature could divert it from the Classroom Site Fund, depriving our schools of up to one billion dollars over the next ten years. Prop 300 protects those resources, to make sure our kids get the education they deserve.

To ensure that this money goes where Arizona voters intended, we must vote YES on 300. It will prevent the legislature from taking those dollars out of the schools that really need it. We cannot afford to cut back on education funding again. It is too important to our state's future.

*Jaime A. Molera, State Superintendent of Public Instruction, Phoenix*

**IMPROVING CLASSROOMS & HELPING TEACHERS, SCHOOL ADMINISTRATORS SUPPORT PROPOSITION 300!!!**

As school administrators, we see every day the impact that **small class sizes and quality teachers** have on our students. With the proper classroom environment and a good teacher, the children of Arizona will have a bright future. And Proposition 300 will protect the resources that go into our classrooms.

This past decade the legislature has failed to adequately fund education. As a result, our teachers have not had the resources to educate our children or the pay they deserve. We continuously see quality teachers and administrators leave for better-pay in other states, frus-

## Arguments “For” Proposition 300

trated by the lack of support in the state legislature. But with Prop 300, we have the opportunity to **make sure that teachers get the money and resources that they need.**

In 2000, we voted to create the Classroom Site Fund to provide for reducing dropout rates, increasing teacher pay, and lowering class sizes. But because of a drafting error, the state legislature could raid this fund at any time, and take up to one billion dollars in state trust land revenue that should go to our classrooms. Proposition 300 protects this money from being diverted by the legislature so that it stays in the Classroom Site Fund, just as the people of Arizona intended.

With the passage of Proposition 300, **we will safeguard the \$1 billion in Trust revenue for the children and teachers of Arizona over the next 10 years, and billions more in years beyond the 10-year period.** Education is so important to our future; we must act now to protect this money and improve our classrooms. To keep good teachers in Arizona and better the quality of our kids' education, **vote YES on 300!**

*Karla Gable, ASA Board, Phoenix*

*Harold Porter, Executive Director, Arizona School Administrators, Phoenix*

Paid for by “Arizona School Administrators”

### TOP TEN REASONS TO VOTE YES ON PROP 300

1. Safeguard millions of dollars for education, without raising taxes.
2. Keep quality teachers in our classrooms and help attract more to come to Arizona.
3. Help Arizona improve from last in the country in funding our children's education.
4. Provide increased support to after school programs for children, which helps to reduce the dropout rate.
5. Help lower class sizes so that teachers can give more attention to individual students.
6. Protect money that we, the people of Arizona, have already set aside for education.
7. Increase teacher pay.
8. Help ensure monies will be available for programs that improve student achievement.
9. Protect the good work started by voters in 2000.
10. BETTER THE QUALITY OF EDUCATION IN ARIZONA!!!

*John C. Fung, Executive Director, Arizona Association of School Business Officials, Phoenix*

*Scott Thompson, President, Arizona Association of School Business Officials, Phoenix*

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### The Arizona School Boards Association Urges You to Vote YES on Proposition 300

Two years ago, the legislature approved Education 2000. Voters approved some of the provisions of Education 2000 that were referred to them, including an increase in the state sales tax to enhance teacher salaries and to provide additional funding for reducing class size and providing before- and after-school programs to increase academic achievement and/or reduce the dropout rate. The Classroom Site Fund was created to be the repository of these funds. Proponents of Education 2000 also intended to add the additional monies generated through the sales and leases of school trust lands to the Classroom Site Fund. A drafting error resulted in this provision not being included in what was put before voters. Without this voter protection, additional monies generated from the School Trust Lands may be diverted by the legislature and may not go into the Classroom Site Fund as intended. Proposition 300 corrects this oversight and puts these additional dollars generated by lands held in trust for the public schools into the Classroom Site Fund.

By voting YES on Proposition 300, you can assure these dollars will flow into Arizona's classrooms. The School Trust Lands have the potential for generating hundreds of millions of dollars for Arizona's public school classrooms and their students during the next ten years. As Arizona continues to be at the bottom of the states in funding per pupil, these additional dollars will give our schools and their students a tremendous boost. **YOU CAN MAKE IT HAPPEN BY VOTING YES ON PROPOSITION 300.**

*Harry Garewal, President, Arizona School Boards Association, Phoenix*

*Cheryl Main, Vice President, Arizona School Boards Association, Phoenix*

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### VOTE YES ON PROP 300!

Proposition 300 will protect an important source of revenue for our children and our schools, to ensure that Arizona's teachers receive the money and resources that we have already set aside for them.

When Arizona passed Education 2000 two years ago, the Classroom Site Fund was created to give direct aid to our state's classroom teachers. The fund would provide for teacher pay raises, lower class sizes, and school programs to reduce the dropout rate. Most of the money for this fund would come from a voter-approved increase in the sales tax, but a substantial amount would also come from the State Land Trust.

But because of a drafting error, the text of the Education 2000 proposition did not include the provision about the State Land Trust money. This means that a simple majority of the state legislature could raid the Classroom Site Fund at any time, taking millions of dollars out of our children's classrooms for other purposes. We cannot allow that to happen!

By passing Proposition 300, we will protect that money—up to one billion dollars—from being spent elsewhere. This is money that we have already promised to our children and our schools, and it is money that they really need. Vote YES on Prop 300, and keep that promise.

*James P. Walsh, Phoenix*

### To Help Our Children and Improve Our Classrooms, VOTE YES ON PROP 300!!!

For far too long, the state legislature has failed to address the needs of Arizona's students. It is time that we the people of Arizona stepped in to protect our state's most valuable resource, our children. That is what Prop 300 is all about.

Two years ago the people of Arizona passed Education 2000, to give proper funding to our schools. That proposition established a Classroom Site Fund to **reduce the dropout rate, raise teacher pay, and lower class sizes.** However, because of technical error the state legislature could divert some of that money out of the fund and out of our schools. Up to **one billion dollars** in money that we voted

into the classrooms of our state, and **the legislature could take it away in the blink of an eye.**

Given the legislature’s recent track record on education, this is a chance we cannot afford to take. **Prop 300 will protect that money,** to bring more quality teachers into our schools and create a better classroom environment for all of our children. Education is so important to the future of our state; we must act now. It’s time we told the legislature to **PUT EDUCATION FIRST!**

*Eddie Basha, Chairman, Trust Lands for Education Committee, Phoenix*

**ARGUMENTS “AGAINST” PROPOSITION 300**

The Secretary of State did not receive any arguments “against” Proposition 300

**BALLOT FORMAT****PROPOSITION 300**

REFERRED TO THE PEOPLE BY THE LEGISLATURE

**OFFICIAL TITLE**

SENATE CONCURRENT RESOLUTION 1005

AN ACT AMENDING SECTION 37-521, ARIZONA REVISED STATUTES; RELATING TO STATE SCHOOL TRUST LAND REVENUES.

**DESCRIPTIVE TITLE**

DIRECTS EARNINGS ABOVE THE 2000-2001 LEVEL TO BE DEPOSITED IN CLASSROOM SITE FUND; INCLUDES INTEREST ON INSTALLMENT SALES OF STATE LANDS AS EXPENDABLE REVENUES; REQUIRES FUND TRANSFER TO PAY SCHOOL FACILITIES REVENUE BOND DEBT SERVICE; INCLUDES RENT AND INSTALLMENT SALES INTEREST IN AMOUNTS DISTRIBUTED TO BASIC STATE AID TO SCHOOLS.

**PROPOSITION 300**

A "yes" vote shall have the effect of directing earnings above the 2000-2001 level to be deposited in the classroom site fund for class size reduction, teacher raises, and other specified purposes; including interest on installment sales of state lands as expendable revenues; requiring fund transfers to pay school facilities revenue bond debt service; and including rent and installment sales interest in the amounts distributed to basic state aid to schools.	<b>YES</b> <input type="checkbox"/>
A "no" vote shall have the effect of retaining the current provisions of law regarding expendable revenues for education purposes.	<b>NO</b> <input type="checkbox"/>