



ARIZONA STATE SENATE
Fifty-First Legislature, First Regular Session

AMENDED

FACT SHEET FOR S.B. 1320

schools; corrections; repayment plans

Purpose

Modifies certain school district finance corrections.

Background

If the Superintendent of Public Instruction (SPI) determines that the calculation of state aid or budget limits within the previous three years for a school district or charter school did not conform with statute, the SPI must require correction of the errors as follows: a) corrections can be made in the current or budget year, except that in the case of hardship to the school district, the SPI can approve corrections partly in one year and partly in the subsequent year; b) errors in the calculation of state aid must be corrected by increasing or decreasing state aid to the school district or charter school in the year or years in which the correction is made; and c) errors in the calculation of the school district's or charter school's budget limits must be corrected at a public hearing by requiring the governing board to reduce, or by allowing it to increase, its budget by the amount of the correction made that year. Within three days of the hearing and correction, the revised budget must be submitted electronically to the SPI (A.R.S. § 15-915).

A school district governing board must publish an annual financial report for the prior fiscal year according to a format prescribed by the Auditor General in conjunction with the Department of Education (ADE). The report must contain budgeted and actual expenditures for the preceding fiscal year, be approved by the County School Superintendent and be distributed by October 15th. ADE must prominently display the information in the report on ADE's website and the school district must post a link the ADE's posting if the district maintains a website.

There is no anticipated fiscal impact to the state General Fund associated with this legislation

Provisions

1. Requires ADE to review school district annual financial reports and notify a district that exceeded the district's budget limit or received excess state aid that the district must correct the error.
2. Allows the SPI to authorize, subject to SBE approval, a budget correction to be made in equal installments over a period of up to 7 years if:
 - a) the school district is facing hardship;

- b) the required correction is greater than 14 percent of the district's current year aggregate budget limit; and
 - c) each installment is equal to at least 5 percent of the district's current aggregate budget limit.
3. Requires ADE to notify the Joint Legislative Budget Committee in writing each time the SPI authorizes a budget correction exceeding two budget years.
 4. Becomes effective on the general effective date.

Amendments Adopted by Committee

- Makes changes to certain school district budget corrections.

Amendments Adopted by Committee of the Whole

- Requires budget corrections to be repaid in installments of five percent of the district's budget limit and makes other changes regarding budget corrections.

Senate Action

| | | | |
|----------------------|---------|-----|----------|
| ED | 2/21/13 | DPA | 7-2-0-0 |
| APPROP | 2/26/13 | DP | 6-2-0-0 |
| 3 rd Read | 3/13/13 | | 20-9-1-0 |

Prepared by Senate Research

March 25, 2013

KK/CC/ly