

STATE OF ARIZONA
OFFICE OF THE ATTORNEY GENERAL

ATTORNEY GENERAL OPINION by JANET NAPOLITANO ATTORNEY GENERAL November 12, 2001	No. I01-020 (R01-048) Re: Proposition 301 Increases in Education Funding
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TO: The Honorable Ramón O. Valadez
Arizona State Senate

Questions Presented

You have asked the following questions regarding Proposition 301, a ballot measure approved by the voters at the 2000 general election that increased funding to public education:

1. A constitutional amendment approved in 1998, Proposition 105, limited the Legislature's ability to alter a voter-approved initiative or referendum. Do the limitations in Proposition 105 apply to Proposition 301?

2. Proposition 301 added Arizona Revised Statutes ("A.R.S.") § 15-901.01, which requires annual inflation increases to the State's funding for public schools, and included language in A.R.S. § 42-5029(E) that prohibits using the additional revenue generated by the sales tax increase in Proposition 301 to supplant other funding for public education. If the limitations of Proposition 105 apply to Proposition 301, does Proposition 301 require that per pupil State funding for kindergarten through twelfth grade ("K-12") equal or exceed the level set for 2000-2001 based on the statutory formula?

3. Section 15-901.01, A.R.S., requires that the Legislature "increase the base level or other components of the revenue control limit by two percent" for fiscal years 2001-2002 through 2005-2006 and in subsequent fiscal years by two percent or the change in the gross domestic price deflator, whichever is less. Because the statute says "base level *or* other components of the revenue control limit," may the Legislature comply with this statute by increasing only one or more components of the revenue control limit rather than increasing the base level?

Summary Answers

1. Because Proposition 301 is a referendum, the constitutional restrictions adopted in Proposition 105 apply, permitting legislative changes only if those changes further the purpose of Proposition 301 and receive the approval of three-fourths of the House of Representatives and Senate.

2. Proposition 301 mandates an increase in the base level beginning in 2001-2002 and prevents the State from decreasing per pupil funding through the equalization assistance formula below the level established for 2001-2002.

3. The mandatory inflation adjustment to State aid to public schools should extend to the base level and other components of the revenue control limit despite the use of the word "or" in A.R.S. § 15-901.01. This interpretation is most consistent with the school finance formula, the information provided to the voters, and the legislative history.

Background

Proposition 301. In a special session in June of 2000, the Legislature approved S.B. 1007, which included various funding increases for public schools, community colleges and universities, as well as other changes directed at "financial and academic accountability . . . [of] Arizona's K-12 system." 2000 Ariz. Sess. Laws, 5th Spec. Sess., ch. 1 ("S.B. 1007"). This measure included a

proposed .6% increase in the transaction privilege tax, A.R.S. § 42-5010(G), and directed the monies from that tax increase to public education, A.R.S. § 42-5029.

The Legislature directed the Secretary of State to place certain portions of S.B. 1007 on the 2000 general election ballot. S.B. 1007, § 64. The provisions in S.B. 1007 that the Legislature referred to the ballot included:

- increases in the transaction privilege tax and use tax;
- distribution of revenues from the new taxes to education programs;
- inflation adjustments "in the state aid to education base level and other components of the revenue control limit;"
- termination of the exemption from the revenue control limit for excess utility costs;
- limitation on school district qualifying tax rates and county equalization assistance for education; and
- establishment of a State income tax credit to mitigate increased transaction privilege and use taxes authorized by S.B. 1007.

Id. Nothing in the bill took effect unless the voters approved the increase in the state transaction privilege tax rates at the 2000 general election. S.B. 1007, § 67. The provisions in S.B. 1007 appeared on the 2000 general election ballot as Proposition 301. Ariz. Secretary of State, Ballot Propositions & Judicial Performance Review for the November 7, 2000, General Election at 169 ("2000 Publicity Pamphlet"). Arizona voters approved this measure.

Proposition 105. In 1998, Arizona voters approved a citizens' initiative that amended the Arizona Constitution to limit the Legislature's ability to alter voter-approved initiatives and referenda ("Proposition 105"). Ariz. Const. art. IV, pt. 1, § 1(6), (14); Ariz. Secretary of State, 1998 Ballot Propositions for the General Election of Nov. 3, 1998 at 43 ("1998 Publicity Pamphlet").

Proposition 105 prohibited the Legislature from:

- repealing an initiative approved by the voters or a "referendum measure decided by a majority of the votes cast thereon," Ariz. Const. art. IV, pt. 1, § 1(6)(B);
- amending an initiative or referendum "unless the amending legislation furthers the purposes of such measure and at least three-fourths of the members of each House of the Legislature . . . vote to amend such measure." Ariz. Const. art. IV, pt. 1, § 1(6)(C);
- appropriating or diverting "funds created or allocated to a specific purpose by . . . [an initiative or referendum] unless the appropriation or diversion of funds furthers the purposes of such measure and at least three-fourths of the members of each House of the Legislature . . . vote to appropriate or divert such funds." Ariz. Const. art. IV, pt. 1 § 1(6)(D).
- "adopt[ing] any measure that supersedes, in whole or in part, [any initiative or referendum] unless the superseding measure furthers the purposes of the initiative or referendum measure and at least three-fourths of the members of each House of the Legislature . . . vote to supersede such initiative or referendum measure." Ariz. Const. art. IV, pt. 1, § 1(14).

These restrictions apply "to all initiative and referendum measures decided by the voters at and after the November 1998 general election."¹ Proposition 105, § 2. Labeled by supporters as the "Voter Protection Act," Proposition 105 aimed to protect the will of the voters by limiting legislative changes to voter-approved measures. 1998 Publicity Pamphlet at 47-49.

Analysis

A. Proposition 301 Is a Legislative Referendum Subject to the Restrictions Against Legislative Changes.

Proposition 105's restrictions on the Legislature's ability to alter voter-approved measures applies to "an initiative measure approved by a majority of the votes cast thereon" and to "a referendum measure decided by a majority of the votes cast thereon." Ariz. Const. art. IV, pt. 1 §

¹Before Proposition 105 was approved, the Constitution prohibited the Legislature from amending or repealing a referendum or initiative only if it was approved by a majority of all qualified electors in the State, rather than simply a majority of the qualified electors voting on the measure. *See Adams v. Bolin*, 74 Ariz. 269, 247 P.2d 617 (1952).

1 (6), (14). Under Arizona's Constitution, initiative and referendum measures are "reserved powers" of the people "to propose laws and amendments to the Constitution and to enact or reject such laws and amendments at the polls." Ariz. Const. art. IV, pt. 1, § 1(1).

In an initiative, citizens propose a change in law that is submitted to the voters for approval. Ariz. Const. art. IV, pt. 1, § 1(2). In contrast, a referendum is a legislative enactment that is referred to the voters for approval by either the Legislature itself or as a result of petitions signed by five percent of the qualified electors. Ariz. Const. art. IV, pt. 1, § 1(3); *W. Devcor, Inc. v. City of Scottsdale*, 168 Ariz. 426, 428-29, 814 P.2d 767, 769-70 (1991) (describing initiative and referendum processes). In a legislative referendum, the Legislature "asks the voters to ratify its measures." *Ariz. Legislative Council v. Howe*, 192 Ariz. 378, 383, 965 P.2d 770, 775 (1998). Because Proposition 105 applies to any "referendum measure," it applies to a referendum on the ballot as a result of a referral by the Legislature or as a result of citizens petitioning to refer a legislative enactment to the voters.

In Proposition 301, voters were asked to approve or reject specific statutory changes included in S.B. 1007 that were placed on the ballot at the direction of the Legislature. S.B. 1007, § 64. The statutory changes referred to the voters did not become effective unless the voters approved them. S.B. 1007, § 67. Because Proposition 301 consisted of statutory amendments that the Legislature referred to the voters, it is a referendum as described by Article IV, part 1, section 1(3) of the Arizona Constitution.²

²The Legislature's use of a bill rather than a concurrent resolution to refer these changes to the ballot for voter approval does not change this analysis. The Legislature's drafting conventions direct the use of concurrent resolutions, rather than bills, to refer matters to the ballot. Arizona Legislative Council, Arizona Legislative Bill Drafting Manual, §§ 2.1 (appropriate use of bills), 3.1 (appropriate use of concurrent resolutions). Unlike bills, which are presented to the governor for approval or veto pursuant to Article V, Section 7 of the Arizona Constitution, concurrent resolutions are not presented to the governor for approval but go to the Secretary of State to be placed on the ballot. Although concurrent resolutions may be the preferred form for a referendum, this does not change the fact that in S.B. 1007 the Legislature referred statutory changes to the ballot for voter approval.

Because Proposition 301 was a referendum, it is protected from legislative modification by Proposition 105. Any legislative changes to Proposition 301 must "further the purposes" of Proposition 301 and be approved by three-fourths of the House of Representatives and the Senate. Ariz. Const. art. IV, pt. 1 § 1(6)(C). Similarly, the Legislature cannot "appropriate or divert funds created or allocated to a specific purpose" by Proposition 301 unless the appropriation or diversion of funds "further the purposes of" Proposition 301 and receives approval of three-fourths of the House and Senate. *Id.* at (6)(D). The same requirements apply to any measure that "supersedes, in whole or in part" Proposition 301. *Id.* at (14) Proposition 105 does not, however, restrict the Legislature's ability to refer legislation that modifies the provisions of Proposition 301 to the ballot for the approval of voters. *See* Ariz. Const. art. IV, pt. 1 § 1(15).

B. A.R.S. § 15-901.01 Prohibits Reducing the Base Level of Education Funding for Fiscal Year 2001-2002.

The provisions the Legislature referred to the ballot in Proposition 301 included a mandatory inflation increase for state funding for public schools:

If approved by the qualified electors voting at a statewide general election, for fiscal years 2001-2002 through 2005-2006, the Legislature shall increase the base level or other components of the revenue control limit by two per cent. For fiscal year 2006-2007 and each fiscal year thereafter, the Legislature shall increase the base level or other components of the revenue control limit by a minimum growth rate of either two percent or the change in the GDP price deflator, as defined in section 41-563, from the second preceding calendar year to the calendar year immediately preceding the budget year, whichever is less, except that *the base level shall never be reduced below the base level established for fiscal year 2001-2002.*

A.R.S. § 15-901.01 (added by Proposition 301) (emphasis added). This statute addresses inflation increases to the formula pursuant to which the State provides equalization assistance to school districts. *See* A.R.S. § 15-971 (equalization assistance for education). The "base level" is a fixed dollar amount that is multiplied by a weighted student count and other factors to determine the "base support level" for school districts and charter schools. A.R.S. § 15-943. The Legislature established

the "base level" for fiscal year 2001-2002 as \$2,687.32 per pupil. A.R.S. 15-901(B)(2) (as amended by 2001 Ariz. Sess. Laws. ch. 233). The requirement that "the base level shall never be reduced below the base level established for fiscal year 2001-2002" indicates that once the Legislature sets the base level for fiscal year 2001-2002, the base level cannot drop below that figure. A.R.S. § 15-901.01.

Proposition 301 also included language making clear that the monies raised by the sales tax increase are to be used to increase funding to public education and not to replace existing funding sources:

The monies distributed pursuant to this subsection are in addition to any other appropriation, transfer or other allocation of public or private monies from any other source and shall not supplant, replace or cause a reduction in other school district, charter school, university or community college funding sources.

A.R.S. § 42-5029(E). This language prohibits the State from using Proposition 301 monies to replace or supplant other school funding.

Because Proposition 105 applies to the provisions of Proposition 301, the Legislature cannot amend, supersede or make other changes to this statutory prohibition unless the changes further the purpose of the proposition and receive the approval of three fourths of the members of the House and Senate. *See* Ariz. Const. art. IV, pt. 1 § 1 (6), (14). Although Arizona courts have not addressed the requirements of Proposition 105, California courts have addressed similar issues and provide some useful guidance. To determine the purpose of a measure, a court is "guided by, but . . . not limited to [the measure's] general statement of purpose." *Amwest Surety Ins. Co. v. Wilson*, 906 P.2d 1112, 1120 (Cal. 1995). Courts will also consider the historical context of the amendment, ballot arguments, and the language of the measure as a whole. *Id.* The focus of the inquiry is not whether the legislation furthers "the public good," but whether it furthers the purposes of the ballot measure affected by the legislative change. *Id.* at 1126.

A clear and undisputable purpose of Proposition 301 was to increase funding to public education. 2000 Publicity Pamphlet at 172-79 (arguments supporting Proposition 301). The Governor's statement supporting Proposition 301 argued that it was time "to lift Arizona up and recommit to our children's education" and noted that Arizona had fallen behind other states in education funding. *Id.* at 172.³ The Legislative Council informed voters in its analysis included in the publicity pamphlet that the measure would increase the sales tax and that the new revenues would be dedicated to education. *Id.* The Legislative Council's ballot analysis also made it clear that Proposition 301 would require an increase in general fund expenditures for education. Specifically, the ballot analysis stated that Proposition 301 would increase state general fund expenditures an additional \$94.5 million in 2002, that this amount would increase annually thereafter, and that "[t]hese additional expenditures would not be paid for from the increase in the sales tax." *Id.* Most of these increased costs were attributable to the inflation adjustments that A.R.S. § 15-901.01 mandated. *Minutes of Legislative Council 7* (July 6, 2001).

A decrease in per pupil funding through the formula is therefore directly contrary to the Proposition's purpose of increasing such funding. It is also inconsistent with the language in A.R.S. § 15-901.01 mandating annual funding increases and prohibiting the base level from falling below the level set for 2001-2002. The protections of Proposition 105, therefore, limit the Legislature's ability to lower per pupil funding through the State aid formula below the level set for 2001-2002.

C. The Base Level for Fiscal Year 2001-2002 Should Receive the Mandatory Inflation Adjustment in A.R.S. § 15-901.01.

³Courts often refer to the publicity pamphlet when interpreting ballot measures. *See, e.g., Calik v. Kongable*, 195 Ariz. 496, 500, 990 P.2d 1055, 1059 (1999).

You have also asked whether the Legislature can comply with A.R.S. § 15-901.01 without increasing the base level because the language requires only that "the Legislature shall increase the base level *or* other components of the revenue control limit by two percent" in fiscal years 2001-2002 through 2005-2006. (Emphasis added.)

Because the Legislature used the word "or", the statutory language suggests that the Legislature could comply with A.R.S. § 15-901.01 either by increasing the base level or by adjusting other components of the revenue control limit ("RCL"). The word "or" is generally "used to express an alternative or to give a choice of one among two or more things." *State v. Pinto*, 179 Ariz. 593, 880 P.2d 1139 (App. 1994). In some circumstances, however, "or" is interpreted in the conjunctive rather than in the disjunctive. *See Hurt v. Superior Court*, 124 Ariz. 45, 50, 601 P.2d 1329, 1334 (1979) (phrase "children or parents" interpreted as conjunctive based on evidence of legislative intent); *State v. Pinto*, 179 Ariz. at 596, 880 P.2d at 1142 (strict interpretation of disjunctive terms in restitution statute would frustrate legislative intent and is inconsistent with Arizona's constitution). Courts will adopt the interpretation "most harmonious with the statutory scheme and legislative purpose." *State v. Pinto*, 179 Ariz. at 596, 880 P.2d at 1142.

Although A.R.S. § 15-901.01 says that the Legislature shall adjust the base level *or* other components of the RCL annually for inflation, other portions of S.B. 1007 give a different description of the inflation adjustment. The language directing the Secretary to place issues on the ballot described this provision as follows: "Inflation adjustments in the state aid to education base level *and* other components of the [RCL] pursuant to section 15-901.01." S.B. 1007, § 64(A)(2) (emphasis added). The Legislature also required the ballot to explain to voters that a "yes" vote on Proposition 301 had the effect of approving "inflation adjustments in state aid for education." *Id.* at § (C)(3); 2000 Publicity Pamphlet at 183. The Senate Fact Sheet referred to "adjusting state aid

to education base levels for inflation." Corrected, Final Revised Senate Fact Sheet: S.B. 1007, 5th Spec. Sess., 44th Legis., at 2,15 (July 19, 2000). The minutes of legislative hearings discussing the legislation simply refer to an "inflation adjustment" or "inflation factor." *Minutes of Senate Education Comm.*: S.B. 1007, 44th Legis., 5th Spec. Sess. 13 (June 12, 2000); *Minutes of House Appropriations Comm.*: SCR 1003, 44th Legis., 5th Spec. Sess. 2 (June 20, 2000).

In construing statutes, the primary purpose "is to effectuate the intent of those who framed the provision and, in the case of an [initiative], the intent of the electorate that adopted it." *Calik v. Kongable*, 195 at 498, 990 P.2d at 1057. Courts determine legislative intent from the statute's language, "the general purpose of the act in which it appears, and the language of the act as a whole." *No Ins. Section v. Indus. Comm'n*, 187 Ariz. 131, 132, 927 P.2d 791, 792 (App. 1996). The inflation adjustment in A.R.S. § 15-901.01 is part of Arizona's school finance system, and it should be construed in context with these related provisions and in light of its role in that statutory scheme. *See State v. Wilhite*, 160 Ariz. 228, 230, 772 P.3d 582, 584 (App. 1989) (statutory provisions are to be construed in context with related provisions and in light of their place in the statutory scheme). The proper interpretation of the inflation adjustment, therefore, requires some basic understanding of the formula through which the State provides assistance to public schools.

School districts receive state funding through a complex statutory formula. *See Roosevelt Elem. Sch. Dist. v. Bishop*, 179 Ariz. 233, 237, 877 P.2d 806, 810 (1994). That funding, known as "equalization assistance," has four basic components: base support level, transportation, capital outlay revenue limit and soft capital. A.R.S. § 15-971(A).⁴ Because equalization assistance is intended to provide equal funding to school districts for their maintenance and operations needs, the

⁴Instead of referring separately to the base support level and transportation, A.R.S. § 15-971(A) refers to "[t]he lesser of a school districts [RCL] or district support level." Those calculations consist of the base support level and transportation. *See* A.R.S. § 15-947(A), (B).

formula deducts an amount based on the statutory qualifying tax rate to determine the amount of equalization assistance districts will receive. A.R.S. § 15-971(B).

The inflation adjustment in A.R.S. § 15-901.01 refers to the "base level" and "other components of the [RCL]." As explained above, the base level is a specified dollar amount. A.R.S. § 15-901(B). For fiscal year, 2001-2002, the Legislature has set the base level at \$2,687.32 per pupil. A.R.S. § 15-901(B)(2) (as amended by 2001 Ariz. Sess. Laws ch. 233). This includes an increase of two percent over the 2000-2001 base level. Joint Legislative Comm. Fiscal Year 2002 and 2003 Appropriations Report at 197 - 98.

The RCL includes two parts of the equalization formula: base support level and transportation.⁵ It does not include soft capital or the capital outlay revenue limit. A.R.S. §§ 15-961 (soft capital), -962 (capital outlay revenue limit). To calculate the base support level, the student count is weighted based on a number of factors. A.R.S. § 15-943. That weighted student count is multiplied by the base level and by the teacher experience index or 1.0 (whichever is greater). The calculation of the transportation assistance is based primarily on the number of students, daily miles and a specified dollar amount per "route mile." A.R.S. §§ 15-945, -946. Thus, the only "components" of the RCL that might be adjusted for inflation, other than the base level, are the dollar amounts in the transportation assistance calculation. This interpretation is supported by language in the definition of base level and in the transportation support statutes that describe adjustments by

⁵The RCL is defined as the base revenue control limit plus the transportation revenue control limit. A.R.S. § 15-901(A)(13); A.R.S. § 15-947(A). The base revenue control limit is the same as the base support level. A.R.S. § 15-944(E).

"the growth rate prescribed by law." A.R.S. §§ 15-901(B)(2) (base level), -945(F) (state support level for approved route miles).⁶

The Legislative Council Analysis, which was provided to voters in the publicity pamphlet, supports the conclusion that the Legislature intended the inflation adjustment to apply to the base level and the other components of the RCL. The ballot analysis is to "assist voters in rationally assessing an initiative proposal by providing a fair, neutral explanation of the proposal's contents and the changes it would make if adopted." *Fairness & Accountability In Ins. Reform v. Greene*, 180 Ariz. 582, 590, 886 P.2d 1338, 1346 (1994). The Legislative Council ballot analysis of Proposition 301 advised voters: "If Proposition 301 passes, state general fund expenditures would be an additional \$94.5 million in 2002, increasing annually thereafter. These additional expenditures would not be paid from the increase in the sales tax." 2000 Publicity Pamphlet at 172 (analysis of Proposition 301 by Legislative Council). It also said that Proposition 301 provided for "[A]utomatic inflation adjustments in the state aid to education base level or other components of a school district's revenue control limit." *Id.*

The information regarding the increased general fund expenditures that would not be covered by the tax increases was discussed extensively at the Legislative Council meeting at which the analysis was adopted. The Legislative Council, which consists of seven members of the House and seven members of the Senate, adopted the ballot description July 6, 2000 — the week after the Legislature approved S.B. 1007. At that meeting, staff of the Joint Legislative Budget Committee testified that based on a fiscal analysis done during the recent special session, the general fund cost

⁶The term RCL does not apply to charter schools. They too, however, receive assistance through a statutory formula. For charter schools sponsored by the State Board of Education or the State Board for Charter Schools, state aid is the base support level plus a dollar amount labeled "additional assistance." A.R.S. § 15-185(B). The base support level calculation uses the same base level as is used for school districts. Consequently, an inflation adjustment to the base level pursuant to A.R.S. § 15-901.01 extends to school districts as well as charter schools.

of S.B. 1007 in 2002 would be approximately \$94 million above what the tax increases in the measure would fund. The biggest portion of this cost "is the two percent adjustment," which accounted for \$66.8 million of the \$94 million increase.⁷ *Id.* The Legislative Council did not advise voters that the inflation adjustment (and therefore the overall general fund impact of the measure) could vary substantially depending on whether the Legislature chose to increase the base level or merely increase the transportation mileage rate. Instead, the Legislative Council provided information to voters based on an increase to the base level and other components of the RCL.

The interpretation that Proposition 301 mandated an increase to the base level as well as other components of the RCL carried through to the 2001-2002 and 2002-2003 budgets. When the Legislature completed the budget for 2001-2002, it applied the two percent adjustment to the base level and, the transportation support level, as well as to additional assistance for charter schools. Joint Legislative Budget Comm., Fiscal Year 2002 and 2003 Appropriations Report at 197-98 (discussing 2% deflator). These inflation adjustments equaled \$62.8 million. *Id.* Of this amount, \$58.8 million was for an increase in the base level; \$1.4 million was for charter school additional assistance; and \$2.6 was for transportation mileage increases.⁸ *Id.* The JLBC Appropriations Report notes that "Proposition 301 mandates the 2% deflator but does not provide specific funding for it.

⁷Other costs that would impact the general fund included the costs of income tax credits, expanded school district audits and expanded tuition and credits. *Legislative Council Minutes 7* (July 6, 2000); *see also* Joint Legislative Budget Comm., Fiscal Year 2002 and 2003 Appropriations Report at 183 (describing projected general fund costs of Proposition 301 not funded by sales tax).

⁸The Legislature did not adjust for inflation the field trip allocation in the transportation assistance calculation. *See* A.R.S. § 15-945(B). This is consistent with A.R.S. § 15-945(F), which refers only to an adjustment in the state support level for approved route miles.

Proposition 301 requires the Legislature to increase the base level or other components of the [RCL] by 2% each year through FY 2006." *Id.* at 198.⁹

The application of the inflation adjustment to the base level is also consistent with the historical treatment of inflation adjustments to State aid to schools. Until 1995, a statute required the Legislature to prescribe a growth rate for the base level or, if this was not set by March 1, the growth rate was to be the percentage growth in the GNP price deflator in the prior year. A.R.S. § 15-901(B)(2)(f) (language deleted in 1995 Ariz. Sess Laws ch. 191, § 8).

In A.R.S. § 15-901.01 the Legislature intended to mandate an annual inflation adjustment to the State aid formula. This is what the Legislature told voters a "yes" vote on Proposition 301 would do. S.B. 1007 § 64 (c)(3). Based on the information the Legislative Council provided to voters about the impact of Proposition 301, the Legislature's interpretation of Proposition 301 to date, and the mechanics of the State aid formula, this language mandates an increase to the base level. For these reasons, although the language of A.R.S. § 15-901.01 refers to an increase in the base level *or* other components of the RCL, in context, this should be read to require an adjustment to the base level *and* other components of the RCL. As a practical matter, the only other component of the RCL requiring adjustment appears to be the State support level for approved route miles. A.R.S. § 15-945(F).

Conclusion

Proposition 301 mandated an increase in funding for education. Because it was a referendum, Proposition 301 is protected from legislative changes by Proposition 105. Proposition 301's mandate that the base level cannot fall below the base level set for 2001-2002 limits the

⁹Although the adjustment to charter school additional assistance may fall outside A.R.S. § 15-901.01, that adjustment is consistent with the approach in Proposition 301 to increase funding to both school districts and to charter schools. *See, e.g.*, A.R.S. § 15-977 (classroom site fund).

Legislature's ability to decrease per pupil spending through the State aid formula. In addition, the inflation increases required by A.R.S. § 15-901.01 for the 2001 - 2002 fiscal year should be applied to the base level and the state support level for approved route miles.

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