

Department of Education
General Services Administration

A.R.S. § 15-201

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
OPERATING BUDGET				
Full Time Equivalent Positions	144.9	144.9	118.9 ^{1/2/}	118.9 ^{1/2/}
Personal Services	3,582,900	4,408,700	4,506,100	4,727,500
Employee Related Expenditures	741,200	871,600	987,300	967,500
Professional and Outside Services	591,500	243,500 ^{3/}	94,300	97,500
Travel - In State	52,200	66,600	69,600	69,600
Travel - Out of State	31,300	25,000	25,000	25,000
Other Operating Expenditures	1,173,200	1,170,500	1,232,600	1,250,500
Equipment	129,500	0	0	0
<i>Operating Subtotal</i>	6,301,800	6,785,900	6,914,900	7,137,600
Achievement Testing	5,537,500	7,739,100 ^{4/}	5,480,700 ^{5/6/}	5,948,700 ^{5/6/}
Charter Schools Administration	184,200	210,900	152,700	157,000
Education Commission of the States	59,400	61,200	0	0
Special Education Audit	201,300	322,000	323,500	327,800
State Board of Education	261,800	262,900	0	0
Student Accountability Information System	2,001,700	2,002,600	0	0
Teacher Certification	947,500	982,200	0	0
TOTAL APPROPRIATIONS	15,495,200	18,366,800	12,871,800 ^{7/}	13,571,100 ^{7/}
FUND SOURCES				
General Fund	14,547,700	17,384,600	12,871,800	13,571,100
<u>Other Appropriated Funds</u>				
Teacher Certification Fund	947,500	982,200	0	0
<i>Subtotal - Other Appropriated Funds</i>	947,500	982,200	0	0
TOTAL APPROPRIATIONS	15,495,200	18,366,800	12,871,800	13,571,100

COST CENTER DESCRIPTION — *The General Services Administration (GSA) program is divided into a number of units, including School Finance, Data Processing, and Special Education, which provide for the ongoing operation of the Department of Education. The State Superintendent of Public Instruction is funded through this cost center.*

- ^{1/} Includes 8.5 FTE Positions funded from Special Line Items in FY 2002 and FY 2003.
^{2/} At least 1 FTE Position from the department's operating budget shall be used for auditing Average Daily Membership counts from school districts and charter schools. (General Appropriation Act footnote)
^{3/} The appropriated amount for FY 2001 includes \$150,000 for a study of unfunded instructional program costs for pupils who qualify for the Limited English Proficiency funding weight pursuant to Section 15-943, paragraph 2, Arizona Revised Statutes. (General Appropriation Act footnote, as added by Laws 2001, Chapter 232)
^{4/} The appropriated amount includes \$2,445,300 in supplemental funding from Laws 2001, Chapter 232.
^{5/} The appropriated amount includes \$1,906,200 for FY 2002 and \$2,088,400 for FY 2003 for norm-referenced testing of pupils in grades 1 through 9. (General Appropriation Act footnote)
^{6/} Before making any changes to the Achievement Testing program that will affect program costs, the State Board of Education shall report the estimated fiscal impact of those changes to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
^{7/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• % of school report cards available in hard copy and on the agency's Website	NA	NA	NA	20/25
• Total cost of administration (\$ in millions)	NA	NA/4.3	4.3	4.7
• % difference between the Average Daily Membership (ADM) statewide total reported as of March 1st each year versus the year-end actual total as compared with the percent difference observed for FY 2001:				
-- Charter schools	NA	NA	Baseline*	-1/-2
-- School districts	NA	NA	Baseline*	-1/-2
• Increased % of customers satisfied with the agency above the FY 2001 percentage	NA	NA	Baseline*	+1

* "Baseline" means that the department will use the performance measure for the first time that year and therefore does not yet have an estimate for it. For years after the "baseline" year, the numbers shown indicate the anticipated increase or decrease for the new measure relative to its "baseline" score.

Transfers — The approved amounts for both years reflect the transfer of (2) FTE Positions and \$(147,000) per year from the operating budget of this cost center to the newly-separate State Board of Education cost center. They also reflect the transfer of a total of (27) FTE Positions and \$(1,401,200) to the State Board of Education cost center from Special Line Items that historically have been funded through this cost center. (See Table 1 in the narrative pages for the State Board of Education cost center for a summary of transfers to that cost center.)

Special Line Items

Achievement Testing — The approved amount (all from the General Fund) includes 3 FTE Positions for both FY 2002 and FY 2003 (no change), a FY 2002 decrease of \$(2,258,400) below FY 2001 for program reductions and standard changes and a FY 2003 decrease of \$(1,790,400) below FY 2001 for program reductions and standard changes. The funding decreases for both FY 2002 and FY 2003 below FY 2001 reflect the fact that the program received a \$2,445,300 supplemental for FY 2001 from Laws 2001, Chapter 232 (the FY 2001 supplemental bill). That supplemental funding was for a cumulative FY 2000 and FY 2001 shortfall due to changes in the AIMS testing program and higher than expected numbers of students being retested. The funding decreases mentioned above relative to FY 2001 therefore are relative to the higher (supplemented) funding amount for the program for FY 2001. The decreases reflect a legislative decision to not provide continued funding for certain changes in the AIMS testing program that were authorized by the department during FY 2000 and FY 2001.

The approved FY 2002 total includes \$1,906,200 for Stanford 9 testing, \$3,389,800 for AIMS testing and \$181,500 and 3 FTE Positions for operating costs (see Table 1). The approved FY 2003 amount includes \$2,088,400 for Stanford 9 testing, \$3,670,000 for AIMS testing and \$181,600 for operating costs.

<u>Item</u>	<u>FY 2002</u>	<u>FY 2003</u>
Stanford 9	\$1,906,200	\$2,088,400
AIMS	3,389,800	3,670,000
Operating Budget	<u>184,700</u>	<u>190,300</u>
Total	\$5,480,700	\$5,948,700

The FY 2002 operating budget of \$184,700 is \$3,200 above FY 2001 due to standard changes. The FY 2003 operating budget of \$190,300 is \$8,700 above FY 2001 due to standard changes.

The approved amounts for Stanford 9 testing fully fund the department request for that program, which assumes that Grades 1-9 will take the Stanford 9 test during both years. The approved amounts for AIMS testing are \$(1,971,000) less than the department request for FY 2002 and \$(2,286,900) less than the department request for FY 2003. The department requested \$5,360,800 for AIMS testing in FY 2002 and \$5,956,900 for AIMS testing in FY 2003.

Stanford 9 testing (a type of "Norm-Referenced Testing") compares academic achievement of Arizona students to that of students nationwide, while AIMS testing (a type of "Criterion-Referenced Testing") assesses student mastery of Arizona-established "essential skills." Both Norm-Referenced (NRT) Testing and Criterion-Referenced (CRT) Testing are required under A.R.S. § 15-741, and both test reading, language arts, and mathematics.

A.R.S. § 15-741 requires CRT testing of pupils in at least 4 grades designated by the State Board of Education and NRT testing of unspecified grades to be determined by the Superintendent of Public Instruction. (Prior to Laws 2001, Chapter 159, A.R.S. § 15-741 required NRT testing of Grades 3 through 12, but allowed the Superintendent of Public Instruction to change the grade levels to be tested. Chapter 159 eliminates any reference to specific grades being tested.) The State Board of Education has

designated that Grades 3, 5, 8 and 12 will be CRT (AIMS) tested each year and the Superintendent of Public Instruction has determined that Grades 1-9 will be NRT tested during FY 2002 and FY 2003.

A.R.S. § 15-741 also requires the department to carry out a number of other duties regarding achievement testing. They include the following: 1) establishing a fair and consistent method and standard by which NRT scores may be evaluated taking into consideration demographic data, 2) establishing intervention strategies to assist schools with scores below the acceptable standard, and 3) annually reviewing district and school scores and offering assistance to school districts in analyzing data and implementing intervention strategies. These duties are carried out with resources provided in the general operating budget for the program.

Charter Schools Administration — The approved amounts (which include General Fund monies only) include an increase of 1 FTE Position and \$49,800 (General Fund) for both FY 2002 and FY 2003 above FY 2001 for workload increases. They also include a reduction of (2) FTE Positions and \$(110,100) in both FY 2002 and FY 2003 from FY 2001 due to a transfer of some duties and resources to the newly-separate State Board of Education cost center (*see Table 1 in the State Board of Education cost center narrative*). The remaining \$3,000 difference for FY 2002 above FY 2001 and \$7,200 difference for FY 2003 above FY 2001 are due to standard changes. The FTE changes mentioned above result in a net total of 3 FTE Positions remaining for the program.

The program acts as a state-level liaison for general inquiries regarding charter schools. It therefore responds to requests for data and general information regarding charter schools from parents, charter schools, charter school applicants, the general public, newspapers and other entities. The program also provides charter schools with administrative assistance for state-level functions, such as application processing for state and federal grants. Local administrative issues, however, are the responsibility of individual charter schools and the entities that sponsor them. Charter schools may be sponsored by a local school district, the State Board of Education, or the State Board for Charter Schools.

The Charter School Administration program differs from the State Board for Charter Schools and the State Board of Education in that the program is simply an administrative unit of the department, while the 2 boards are policy-making entities that have authority to sponsor charter schools.

Education Commission of the States (ECS) — The approved budget for FY 2002 and FY 2003 provides no funding for the program, which is a reduction of \$(61,200) in both years relative to FY 2001. The program paid annual dues for the state's membership in the ECS.

ECS is a non-profit, nationwide interstate compact formed in 1965 that seeks to help policymakers develop policies to improve public education at all levels. Each participating state appoints commissioners to represent it in the organization. During its years of membership, Arizona has been represented by 7 commissioners—2 appointed by the President of the Senate, 2 appointed by the Speaker of the House, and 3 appointed by the Governor.

Special Education Audit — The approved amounts (all from the General Fund) include a FY 2002 General Fund increase of \$2,500 above FY 2001 for standard changes and a FY 2003 General Fund increase of \$6,800 above FY 2001 for standard changes. The program funds audit costs pursuant to A.R.S. § 15-236.A, which requires the department to conduct a cost study for special education programs every 2 years. The department hires a private accounting firm to conduct the audit.

The approved amounts also include 2.5 FTE Positions (no change) for conducting “in-house” program and fiscal audits of special education programs. These audits are designed to determine the degree of school district compliance with existing statutes and regulations pertaining to special education, and to ensure the appropriate placement of students in special education programs pursuant to A.R.S. § 15-236.B.

State Board of Education — Funding for this program is now displayed as a separate cost center (*see the State Board of Education cost center narrative*).

Student Accountability Information System — The approved budget for FY 2002 and FY 2003 provides no funding for the program, which is a reduction of \$(2,002,600) in both years relative to FY 2001. Funding for the program through FY 2001 was for development of a computer data system, which is now complete. Funding to maintain the system now is provided through the School Accountability Special Line Item in the Assistance to Schools cost center (*see narrative for the “School Accountability” Special Line Item in the Assistance to Schools cost center for details*).

Teacher Certification — Funding for this program is now transferred to the State Board of Education cost center (*see narrative for the Teacher Certification Special Line Item in the State Board of Education cost center pages*).

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