Department of Education

General Services Administration

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Subcommittee: Education

DESCRIPTION	FY 2002 ACTUAL	FY 2003 ESTIMATE	FY 2004 OSPB	FY 2004 JLBC
OPERATING BUDGET				
Full Time Equivalent Positions	151.4	144.4	138.4	144.4
Personal Services	3,873,900	4,397,800	4,397,800	4,397,800
Employee Related Expenditures	884,700	985,500	976,800	976,600
Professional and Outside Services	276,300	62,800	63,300	63,300
Travel - In State	54,900	40,600	40,600	40,600
Travel - Out of State	10,500	0	0	0
Other Operating Expenditures	1,090,300	1,166,100	1,191,100	1,205,900
Equipment	56,100	0	0	0
OPERATING SUBTOTAL	6,246,700	6,652,800	6,669,600	6,684,200
SPECIAL LINE ITEMS				
Achievement Testing	5,461,200	5,484,900	6,997,900	5,652,100
Arizona Teacher Evaluation	151,300	191,800	195,600	189,600
Career Ladder Administration	79,500	0	74,300	0
Charter Schools Administration	307,600	346,800	0	351,600
English Learner Monitoring	27,200	316,100	312,800	312,800
Special Education Audit	207,600	291,900	290,500	188,100
Teacher Certification	1,001,400	1,061,900	1,074,800	1,074,700
PROGRAM TOTAL	**13,482,500**	**14,346,200**	**15,615,500**	**14,453,100**
FUND SOURCES				
General Fund	12,481,100	11,004,100	12,256,700	10,933,300
Other Appropriated Funds				
Proposition 301 Fund	0	2,088,400	2,088,400	2,255,500
Teacher Certification Fund	1,001,400	1,253,700	1,270,400	1,264,300
SUBTOTAL - Other Appropriated Funds	1,001,400	3,342,100	3,358,800	3,519,800
SUBTOTAL - Appropriated Funds	**13,482,500**	**14,346,200**	**15,615,500**	**14,453,100**
TOTAL - ALL SOURCES	13,482,500	14,346,200	15,615,500	14,453,100

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC $ Change	FY 2003 to FY 2004 JLBC % Change
General Fund	(70,800)	(0.6%)
Other Appropriated Funds	177,700	5.3%
Total Appropriated Funds	106,900	0.7%

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.*

PERFORMANCE MEASURES	FY 2002 Appropriation	FY 2002 Actual	FY 2003 Appropriation	FY 2004 Recommend.
• % of school report cards available in hard copy and on the agency's Web site	20	NA	25	--
• % 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	-1	NA	-2	--
-- School districts	-1		-2	
• Increased percentage of customers satisfied with the agency above the FY 2001 percentage	+1	NA	+1	--

PERFORMANCE MEASURES (Continued)	FY 2002 Appropriation	FY 2002 Actual	FY 2003 Appropriation	FY 2004 Recommend.
• Average number of days to process applications for certification services	30	45	30	35
• Increased percentage of customers satisfied with certification services above the FY 2001 percentage	+1	NA	+2	--
• % of customers satisfied with the agency's service (NEW)		NA		Baseline +1
• % of customers satisfied with certification services (NEW)		82		87

Comments: The agency did not submit information for any measure labeled as "NA." "Baseline" means the rating that the agency will obtain for the measure for FY 2003, which will be its first year of implementation according to the agency's current strategic plan.

RECOMMENDED CHANGES FROM FY 2003

		FY 2004
Standard Changes	**GF**	**$31,100**
	OF	**10,600**

Legal Services Cost Allocation GF 500
The JLBC recommends a State General Fund increase to cover higher Attorney General legal services due to the cost allocation of the Attorney General's Risk Management charge to client agencies.

Achievement Testing OF 167,100
The JLBC recommends a Proposition 301 Fund increase for Stanford 9 testing. The recommended change would increase total Stanford 9 funding by 8% to $2,255,500 *(Table 1)*. This assumes that approximately 3% more students will be tested during FY 2004 than in FY 2003 and that per pupil testing costs will increase by about 5% in FY 2004 based on department input. Funding for the recommended increase would come from the Proposition 301 Fund, which currently pays for all Stanford 9 testing costs pursuant to A.R.S. § 42-5029(E7). A.R.S. §42-5029(E7) authorizes the legislature to appropriate up to $7 million of Proposition 301 monies each year for school accountability.

The Achievement Testing program also provides funding for Arizona Instrument to Measure Standards (AIMS) testing. The JLBC recommends no change in funding for AIMS testing at this time and instead recommends that decisions on FY 2004 funding levels for AIMS be deferred until budget hearings. This is because long-term policy decisions need to be made regarding the future of AIMS testing in light of new federal testing requirements from the "No Child Left Behind" (NCLB) Act of 2001. Starting in FY 2006, NCLB requires states to assess student achievement in mathematics and reading or language arts each year for all students in Grades 3-8. (AIMS currently includes testing in mathematics, reading and writing, but only for students in Grades 3, 5, 8 and high school.) In addition, NCLB requires states to assess student achievement in science by FY 2008. (Note: It is unclear whether NCLB will permit district or school developed tests to be substituted for state-developed tests for measuring student achievement for federal reporting purposes.)

For FY 2003, Arizona is receiving $6,840,400 in new federal funding for achievement testing. The amount of federal funding that states will receive for achievement testing in FY 2004 has not yet been determined.

Table 1 summarizes the JLBC recommendation for Stanford 9 and AIMS testing costs for FY 2004. Not included in the table is $187,900 in operating funding for the program, which has additional duties that are prescribed in A.R.S. § 15-741.

Table 1

Stanford 9 & AIMS Estimated Testing Costs (JLBC Recommendation)

Fiscal Year	Stanford 9	AIMS	Total
FY 2003 Appropriation	$2,088,400	$3,208,600	$5,297,000
FY 2004 Rec. Change	167,100	0	**167,100**
FY 2004 Total	$2,255,500	$3,208,600	$5,464,100

Stanford 9 and AIMS testing are required by A.R.S. § 15-741, which mandates "norm-referenced testing" of grades selected by the Superintendent of Public Instruction (currently Grades 1-9) and AIMS testing of at least 4 grades designated by the State Board of Education (currently Grades 3, 5, 8 and 10 + high school retakes).

Special Education Audit GF (102,400)
The JLBC recommends a State General Fund decrease in order to eliminate funding for the special education cost study that is required by A.R.S. § 15-236(A). The study currently is conducted every 2 years and seeks to compare school district and charter school expenditures for special education with funding that is generated by the special education "Group B" weights in A.R.S. § 15-943. A.R.S. § 15-263(A) would have to be notwithstood or repealed in order to implement this recommendation. *(See "JLBC Recommended Statutory Changes.")*

English Learner Monitoring GF $0
Laws 2001, Chapter 9, 2nd Special Session appropriated $316,100 from the General Fund to the department in FY 2004 for English Learner Monitoring. As a result, this amount will not need to be included in the FY 2004 General Appropriation Act. The monies will be used to pay for monitoring of language acquisition programs, as required by A.R.S. § 15-756.

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JLBC RECOMMENDED FORMAT — Detailed Line Item for the Program. *(In the FY 2003 budget, the division had an Operating Lump Sum with Special Line Items for the Program format.)*

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes
The appropriated amount includes $2,255,500 for norm-referenced testing of pupils in grades 1 through 9.

Before making any changes to the Achievement Testing program that will increase program costs, the State Board of Education shall report the estimated fiscal impact of those changes to the Joint Legislative Budget Committee.

Monies collected by the Department of Education for teacher certification fees, as authorized by A.R.S. § 15-531, paragraphs 1 and 2, shall be deposited in a Teacher Certification Fund for use in funding costs of the Teacher Certification program.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends repealing the A.R.S. § 15-236(A), which requires a special education cost study to be conducted every 2 years. *(See the "Special Education Audit" policy issue for more information.)*

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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