

Department of Education

Summary

JLBC: Steve Schimpp

OSPB: Dawn Nazary

Subcommittee: Education

DESCRIPTION	FY 2002	FY 2003	FY 2004	
	ACTUAL	ESTIMATE	OSPB	JLBC
PROGRAM BUDGET				
General Services Administration	13,482,500	14,346,200	15,615,500	14,453,100
Assistance to Schools	2,666,502,000	2,675,777,600	2,901,536,800	2,860,402,500
State Board of Education	484,000	496,000	504,300	489,900
6th SS Lump Sum Reduction SLI	0	(358,400)	(439,800)	(358,400)
AGENCY TOTAL	2,680,468,500	2,690,261,400	2,917,216,800	2,874,987,100

OPERATING BUDGET

Full Time Equivalent Positions	230.2	203.2	197.9	188.7
Personal Services	3,983,900	4,690,300	4,514,700	4,690,300
Employee Related Expenditures	906,200	1,052,300	999,400	1,037,300
Professional and Outside Services	334,900	112,800	113,100	113,300
Travel - In State	58,100	51,400	51,200	51,400
Travel - Out of State	10,900	0	0	0
Other Operating Expenditures	1,162,100	1,242,000	1,259,400	1,281,800
Equipment	57,200	0	0	0
OPERATING SUBTOTAL	6,513,300	7,148,800	6,937,800	7,174,100
Special Line Items (SLI)	2,673,955,200	2,683,112,600	2,910,279,000	2,867,813,000
AGENCY TOTAL	2,680,468,500	2,690,261,400	2,917,216,800	2,874,987,100

FUND SOURCES

General Fund	2,601,900,000	2,611,845,100	2,888,846,100	2,806,897,500
<u>Other Appropriated Funds</u>				
Permanent State School Fund	72,263,000	70,263,000	20,263,000	59,761,100
Proposition 301 Fund	5,086,700	6,675,200	6,601,200	6,842,300
Teacher Certification Fund	1,218,800	1,478,100	1,506,500	1,486,200
SUBTOTAL - Other Appropriated Funds	78,568,500	78,416,300	28,370,700	68,089,600
SUBTOTAL - Appropriated Funds	2,680,468,500	2,690,261,400	2,917,216,800	2,874,987,100
<u>Other Non-Appropriated Funds</u>				
Other Non-Appropriated Funds	206,446,900	268,298,500	NA	249,629,800
Federal Funds	463,946,500	705,380,000	NA	705,380,000
TOTAL - ALL SOURCES	3,350,861,900	3,663,939,900	NA	3,829,996,900

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC	
	\$ Change	% Change
General Fund	195,052,400	7.5%
Other Appropriated Funds	(10,326,700)	(13.2%)
Total Appropriated Funds	184,725,700	6.9%

AGENCY DESCRIPTION — *The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2003 it is anticipated that the department will oversee 228 school districts and at least 400 charter schools in their provision of public education from preschool through grade 12.*

PERFORMANCE MEASURES	FY 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Recommend.
• % of agency staff turnover	19	NA	18	18
• Administration as a % of total cost	0.2	NA	0.2	0.2
• Total cost of administration (\$ in millions)	4.7	NA	4.7	6.5

Comments: The agency did not submit information for any measure labeled as "NA."

RECOMMENDED CHANGES FROM FY 2003

		FY 2004
Standard Changes	GF	\$(2,300)
	OF	8,100

Basic State Aid

Deferred Payment from FY 2003	GF	191,293,800
Enrollment Growth @ 3.2%	GF	137,166,200
Net Assessed Valuation Growth @ 5%	GF	(68,075,100)
Deduction for Above Average		
Administrative Costs	GF	(41,839,100)
"Truth in Taxation"	GF	18,188,100
Teacher Experience Index @ 50%	GF	(17,400,000)
Begin Career Ladder Phase Out	GF	(6,915,700)
Eliminate Rapid Decline Funding	GF	(4,859,700)
2% Deflator (Prop 301)	GF	4,792,200
Department of Juvenile Corrections	GF	(988,300)
Department of Corrections	GF	62,000
Other Adjustments	GF	2,584,300
Endowment Earnings	OF (10,501,900)	GF 10,501,900
Subtotal	OF (10,501,900)	GF 224,510,600

Additional State Aid ("Homeowner's Rebate")

Net Assessed Value Growth @ 5%	GF	15,170,700
No Rebate for Desegregation Taxes	GF	(10,894,300)
No Rebate for Excess Utilities Taxes	GF	(8,157,400)
Subtotal	GF	(3,881,000)

Other Formula Programs

Special Education Fund	GF	3,266,900
Certificates of Educational Convenience	GF	(589,800)

Assistance to School Districts for Children of State Employees	GF	64,300
Subtotal	GF	2,741,400

Small Pass-Through Programs

Arizona School Service Through Education Technology (ASSET)	GF	(234,000)
Arizona Humanities Council	GF	(40,000)
Arizona Principal's Academy	GF	(25,200)
Subtotal	GF	(299,200)

Miscellaneous

Early Childhood Block Grant	GF	(19,408,600)
Adult Education	GF	(4,438,200)
Family Literacy	GF	(1,002,100)
Parental Choice for Reading Success		
Double Count	GF	(1,000,000)
Chemical Abuse	GF	(796,300)
Vocational Education Extended Year	GF	(600,000)
AIMS Intervention/Dropout Prevention	GF	(550,000)
Optional Performance Incentives Program	GF	(120,000)
Special Education Audit	GF	(102,400)
Attorney General Legal Services	GF	500
Achievement Testing	OF 167,100	GF 0
Subtotal	OF 167,100	GF (28,017,100)

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

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
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Academic Contest (EDA1006/A.R.S. § 15-1241) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the state General Fund.

Purpose of Fund: To pay for sending state level winners of academic contests and their chaperons to national contests.

Funds Expended from the General Fund	50,000	50,000
Year-End Fund Balance	0	0

Assistance for Education (EDA2420/A.R.S. § 43-617) **Non-Appropriated**

Source of Revenue: State income tax refunds that are donated to the fund via a check-off box on state income tax forms pursuant to A.R.S. § 43-617.

Purpose of Fund: To provide additional funding support for public schools.

Funds Expended	0	73,400
Year-End Fund Balance	116,800	73,400

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Charter Schools Stimulus (EDA1007/A.R.S. § 15-188)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To encourage the establishment of charter schools by assisting with charter school start-up costs.		
Funds Expended from the General Fund	0	0
Year-End Fund Balance	80,300	80,300
Classroom Site (EDA2471/A.R.S. § 15-977)		Non-Appropriated
Source of Revenue: Monies transferred to the fund from a 0.6% sales tax and growth in the Permanent State School Fund expendable earnings above the FY 2001 level. Those transfers and establishment of the fund itself were authorized by voter approval of Proposition 301 in the November 2000 General Election.		
Purpose of Fund: To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention and teacher liability insurance premiums (40%).		
Funds Expended	204,982,100	264,208,200
Year-End Fund Balance	34,477,800	0
Education Donations (EDA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grants received by the department from foundations or other private sector donors.		
Purpose of Fund: To help pay for conferences, programs or other activities that are sponsored by donor organizations.		
Funds Expended	209,800	184,700
Year-End Fund Balance	48,000	39,300
Failing Schools Tutoring (EDA2470/A.R.S. § 15-241)		Non-Appropriated
Source of Revenue: Monies automatically appropriated to the fund from a 0.6% sales tax. That tax and the fund itself were authorized by voters through passage of Proposition 301 in the November 2000 General Election. Proposition 301 automatically appropriates \$1,500,000 per year to the fund from the 0.6% sales tax revenues.		
Purpose of Fund: To pay for the tutoring of students in "failing schools" pursuant to A.R.S. § 15-241.		
Funds Expended	0	1,500,000
Year-End Fund Balance	1,500,000	1,500,000
Federal (EDA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for programs such as Child Nutrition Assistance, Federal Impact Aid - Public Law 81-874, Title I, Special Education - Title VIB, and Vocational Education.		
Purpose of Fund: To be expended as stipulated by federal statutes that authorize the Federal grants.		
Funds Expended	463,946,500	705,380,000
Year-End Fund Balance	3,698,700	1,614,300
Food Distribution (EDA4210/A.R.S. § 15-1152)		Non-Appropriated
Source of Revenue: Fees from school districts participating in the federal Food Commodities Program.		
Purpose of Fund: To pay costs associated with administering the federal Food Commodities Program.		
Funds Expended	146,100	350,800
Year-End Fund Balance	296,300	132,100

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
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Permanent State School (EDA3138/A.R.S. § 37-521) Partially-Appropriated

Source of Revenue: Monies received from leases of state school trust lands and interest earnings on the principal balance in the fund. Under A.R.S. § 37-521, expendable earnings in the fund, up to the amount generated in FY 2001, are automatically appropriated first to the School Facilities Board's Revenue Bond Debt Service Fund or for debt service on outstanding Qualified Zone Academy Bonds (QZAB's), if needed, then to the School Facilities Board's New School Facilities Fund, if needed. Any remaining monies, up to the amount available in FY 2001, are then subject to appropriation to the Department of Education (ADE) to help fund the cost of Basic State Aid pursuant to A.R.S. § 15-971H. Expendable earnings beyond the amount available in FY 2001 are automatically deposited into the "Education 2000" Classroom Site Fund, as required by A.R.S. § 37-521(B4).

In the display below, the "Appropriated Funds Expended" total for FY 2002 was for Basic State Aid only, but for FY 2003 includes \$2,000,000 for QZAB debt service and \$70,263,000 for Basic State Aid. The "Transfer to Classroom Site Fund" total for both years consists of monies that are automatically appropriated from this fund into the Classroom Site Fund pursuant to A.R.S. § 37-521(B4).

Purpose of Fund: To support common schools.		
Appropriated Funds Expended	72,263,000	72,263,000
Transfer to Classroom Site Fund	12,760,700	21,130,500
Year-End Fund Balance	2,371,600	2,371,600

Production Revolving (EDA4211/A.R.S. § 15-237) Non-Appropriated

Source of Revenue: Printshop charges and receipts for in-house and interagency publishing.
Purpose of Fund: To serve as a revolving fund for revenues and expenditures pertaining to the agency printshop.

Funds Expended	1,073,900	1,946,400
Year-End Fund Balance	1,183,300	101,200

Proposition 301 (EDA1999/A.R.S. § 42-5029.E7) Appropriated

Source of Revenue: Legislative appropriation of sales tax revenue from "Education 2000" (Proposition 301 from the November 2000 General Election).
Purpose of Fund: To pay for school accountability functions that are required by Education 2000.

Funds Expended	5,086,700	6,675,200
Year-End Fund Balance	0	0

Research Based Reading Instruction and Reading Instruction Training (EDA2413/Laws 2002, Ch. 295) Non-Appropriated

Source of Revenue: Legislative appropriations from the state General Fund.
Purpose of Fund: Pays for teacher training in methods of reading instruction, pursuant to A.R.S. § 15-704.

Funds Expended from the General Fund	992,500	1,000,000
Other Funds Expended	0	0
Year-End Fund Balance	18,300	18,300

Special Education (EDA1009/A.R.S. § 15-1182) Non-Appropriated

Source of Revenue: Legislative appropriations from the state General Fund.
Purpose of Fund: To provide voucher funding for students attending the Arizona State Schools for the Deaf and the Blind pursuant to A.R.S. § 15-1182 or who are placed in a private special education facility pursuant to A.R.S. § 15-1202.

Funds Expended from the General Fund	23,859,200	26,296,100
Year-End Fund Balance	1,354,700	47,800

Teacher Certification (EDA1003/A.R.S. § 15-531) Appropriated

Source of Revenue: Fees collected by the State Board of Education from teachers and other school personnel who apply for professional certification.
Purpose of Fund: To provide monies for operation of the department's Teacher Certification program. (The fund technically is a sub-account of the state General Fund, rather than a statutorily-created separate fund.)

Funds Expended	1,001,400	1,486,200
Year-End Fund Balance	343,500	104,900

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Arizona Youth Farm Loan (EDA2136/A.R.S. § 15-1172)		Non-Appropriated
Source of Revenue: The investment of trust funds held by the United States as trustee for the Arizona Rural Rehabilitation Corporation.		
Purpose of Fund: To furnish financial assistance to deserving young persons, under 25 years of age, who are students or former students of vocational education or to young farmers in organized vocational agriculture classes who are interested in becoming established in farming. The financial assistance is provided as guaranteed loans for those who cannot obtain financing elsewhere.		
Funds Expended	35,000	35,000
Year-End Fund Balance	434,300	415,300

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