

Department of Education
General Services Administration

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DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPB	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	135.5	132.5		132.5
Personal Services	3,888,600	4,397,800		4,397,800
Employee Related Expenditures	957,100	1,074,300		1,074,300
Professional and Outside Services	690,500	63,300		63,300
Travel - In State	54,300	40,600		40,600
Travel - Out of State	4,900	0		0
Other Operating Expenditures	1,220,200	955,200		955,200
Equipment	50,900	0		0
OPERATING SUBTOTAL	6,866,500	6,531,200		6,531,200
SPECIAL LINE ITEMS				
Achievement Testing	5,315,800	5,652,100		5,736,900
Arizona Teacher Evaluation	89,000	193,700		193,700
Charter Schools Administration	334,900	0		0
English Learner Monitoring	79,800	316,100		316,100
Special Education Audit	105,400	290,500		290,500
Teacher Certification	990,700	1,110,700		1,110,700
PROGRAM TOTAL	13,782,100	14,094,300		14,179,100
FUND SOURCES				
General Fund	10,783,100	10,534,400		10,534,400
<u>Other Appropriated Funds</u>				
Proposition 301 Fund	1,919,300	2,255,500		2,340,300
Teacher Certification Fund	1,079,700	1,304,400		1,304,400
SUBTOTAL - Other Appropriated Funds	2,999,000	3,559,900		3,644,700
SUBTOTAL - Appropriated Funds	13,782,100	14,094,300		14,179,100
Other Non-Appropriated Funds	2,625,900	4,939,100		4,939,100
TOTAL - ALL SOURCES	16,408,000	19,033,400		19,118,200

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 JLBC

	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	84,800	2.4%
Total Appropriated Funds	84,800	0.6%
Non Appropriated Funds	0	0.0%
Total - All Sources	84,800	0.4%

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 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Recommend.
• Average number of days to process applications for certification services	30	NA	35	35
• % of customers satisfied with the agency's service	--	NA	Baseline +1	Baseline +2
• % of customers satisfied with certification services	--	NA	87	88

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 its first year of implementation.

RECOMMENDED CHANGES FROM FY 2004

Operating Budget

The JLBC recommends \$6,531,200 from the General Fund for the operating budget in FY 2005. This amount would fund the following adjustment:

Lease Costs	GF	\$0
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The JLBC recommends no change from the General Fund for increased lease costs. The agency would absorb a FY 2005 lease increase of \$4,400 within their Other Operating Expenditures. Within its budget, the agency has the discretion to shift these monies from other line items.

Special Line Items

Achievement Testing

The JLBC recommends \$5,736,900 for Achievement Testing in FY 2005. This amount includes \$3,396,600 from the General Fund and \$2,340,300 from the Proposition 301 Fund. Achievement testing is required by A.R.S. § 15-741, which mandates "norm-referenced testing" of grades selected by the Superintendent of Public Instruction (currently Grades 2-9) 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). The recommended amounts would fund the following adjustments:

Testing	OF	\$84,800
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The JLBC recommends an increase of \$84,800 from the Proposition 301 Fund to raise the appropriation to the maximum available from this fund source. A.R.S. § 42-5029(E6), as established by Proposition 301, allows the Legislature to appropriate up to \$7,000,000 of Proposition 301 Fund monies annually for school accountability. Currently only \$84,800 of the \$7,000,000 maximum is unused.

A complication in budgeting for FY 2005 testing costs is that the State Board of Education decided in November 2003 to develop "AIMS-E" tests that would incorporate "norm-referenced" questions, which would eliminate the need for separate Stanford 9 testing. Currently it is not clear whether this change would occur in FY 2005 or FY 2006. The State Board has not provided a cost estimate for this new test.

Stanford 9 — Stanford 9 testing currently is funded solely with Proposition 301 monies. The recommended \$84,800 increase would provide \$2,340,300 in total Proposition 301 funding for testing in FY 2005. (That amount, plus \$4,659,700 in unchanged funding for the School Accountability Special Line Item in the Assistance to Schools cost center would result in a total Proposition 301 Fund appropriation of \$7,000,000 for school accountability in FY 2005.) The department notes that the current Stanford 9 testing contract expires in June 2004 and that the new contract (if separate Stanford 9 testing is continued through FY 2005) will be obtained through an RFP process.

AIMS — The JLBC recommends no change in the \$3,208,600 from the General Fund for AIMS testing at this time and instead recommends that decisions on FY 2005 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 additional federal testing requirements from the "No Child Left Behind" (NCLB) Act of 2001. It also reflects the November 2003 decision of the State Board of Education to develop a combined test for both "norm-referenced testing" (Stanford 9) and "criterion referenced testing" (AIMS). Cost estimates for the new combined test are not yet available. 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.

The proposed elimination of Stanford 9 testing could raise an issue relative to Grade 2 testing because voter protected language in A.R.S. § 15-755 (as established by Proposition 203 from November 2000) requires a norm-referenced test, such as the Stanford 9, to be administered each year to Grades 2 and higher. The Stanford 9 currently is administered each year to Grades 2-9. Since Grade 2 currently does not take the AIMS test and will not be required to take it under NCLB (which only requires annual testing of Grades 3-8), it is unclear how Grade 2 testing requirements in A.R.S. § 15-755 will be met once the combined AIMS/Stanford 9 test is implemented.

The department does not yet have cost estimates for developing and implementing the proposed new “AIMS-E” tests (AIMS tests with Stanford 9-like questions “embedded” into them) because Requests for Proposals (RFP’s) for the AIMS-E have not yet been issued. (The State Board of Education approved the concept of “AIMS-E” testing in November 2003, but has not yet approved RFP’s for the new test.) In addition to developing AIMS-E tests, the department will need to develop first-time AIMS tests for Grades 4, 6 & 7 by FY 2006 and first-time science tests for Grades 3-6, 6-9, and 10-12 (3 science tests total) by FY 2008 in order to comply with NCLB.

The General Fund has not fully funded AIMS testing costs since FY 2001. The department has used Proposition 301 and NCLB monies in FY 2002, FY 2003 and FY 2004 in order to make up the difference (see Table 1).

<u>Fiscal Year</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
General Fund	\$3,388,400	\$3,208,600	\$3,208,600
Proposition 301	1,100,000	1,491,000	0
Federal NCLB monies	0	3,238,900	4,986,200
Total	\$4,488,400	\$7,938,500	\$8,194,800

Table 2 shows that an estimated \$10,450,300 is available for testing from all sources (including federal NCLB monies) in FY 2004 and that this total would increase to \$10,535,100 in FY 2005 under this budget recommendation if there is no change in NCLB funding. Not included in the table is \$188,000 in operating funding for the program, which has additional duties that are prescribed in A.R.S. § 15-741. The line item includes 3 FTE Positions.

<u>Fiscal Year</u>	<u>Stanford 9</u>	<u>AIMS</u>	<u>Total</u>
FY 2004 Base	\$2,255,500	\$8,194,800	\$10,450,300
FY 2005 Increase		0	84,800
FY 2005 Total	\$2,255,500	\$8,194,800	\$10,535,100

Arizona Teacher Evaluation

The JLBC recommends \$193,700 from the Teacher Certification Fund for Arizona Teacher Evaluation in FY 2005. This amount is unchanged from FY 2004. The program funds administration of the Arizona Teacher Proficiency Examination (ATPE) (A.R.S. § 15-533), the State of Arizona and United States Constitutions examinations (A.R.S. § 15-532), and the Alternative Secondary Certification Program (Arizona Administrative Code R7-2-602). The line item includes 2 FTE Positions.

Charter Schools Administration

The JLBC recommends no funding from the General Fund for Charter Schools Administration. This program is now funded through the State Board for Charter Schools. (See the State Board for Charter Schools agency budget in the FY 2004 Appropriations Report for more information.)

English Learner Monitoring

The JLBC recommends \$316,100 from the General Fund for English Learner Monitoring in FY 2005. This amount is unchanged from FY 2004. The program monitors language acquisition programs, as required by A.R.S. § 15-756. Laws 2001, Chapter 9, 2nd Special Session (the “Flores” bill) already appropriated funding for the program for FY 2005, so the recommended amount would not appear in the FY 2005 General Appropriation Act. Other monies appropriated for FY 2005 by the Flores bill are included in the “English Learner Grants” Special Line Item in the Assistance to Schools cost center. The English Learner Monitoring line item includes 4.5 FTE Positions.

Special Education Audit

The JLBC recommends \$290,500 from the General Fund for the Special Education Audit program in FY 2005. This amount is unchanged from FY 2004. 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 program also conducts audits of special education programs in order 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). The line item includes 2.5 FTE Positions.

Teacher Certification

The JLBC recommends \$1,110,700 from the Teacher Certification Fund for Teacher Certification in FY 2005. This amount is unchanged from FY 2004. The program processes applications for teacher and administrator certification, including certification renewal. It is funded through fees paid by certification applicants pursuant to A.R.S. § 15-531. The line includes 21 FTE Positions.

JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Program

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The appropriated amount includes \$2,340,300 for norm-referenced testing of pupils in grades 2 through 9. (This footnote may change once the state's testing policies are clarified.)

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.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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