

Department of Education
Non-Formula Programs

A.R.S. § 15-231

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	104.4	107.4	124.4 ^{4/}
Personal Services	385,800	509,200	538,700
Employee Related Expenditures	93,300	146,400	174,400
Professional and Outside Services	36,300	203,200	203,200
Travel - In State	7,600	15,500	15,500
Other Operating Expenditures	271,400	412,500	403,200
Equipment	5,200	0	0
OPERATING SUBTOTAL	799,600	1,286,800	1,335,000
SPECIAL LINE ITEMS			
School Accountability and Improvement			
Achievement Testing	9,420,200	8,574,300	10,240,500 ^{2/}
AIMS Intervention and Dropout Prevention	550,100	5,550,000	5,550,000
School Accountability	6,141,200	4,698,800	4,699,100
Education Services			
Adult Education and GED	4,449,300	4,454,400	4,468,900 ^{3/4/5/}
Chemical Abuse	714,900	809,000	819,900
English Learner Programs	11,014,800	2,892,700 ^{6/}	14,964,500 ^{6/}
Extended School Year	404,300	500,000	500,000
Family Literacy	993,400	1,005,600	1,009,100
Full-Day Kindergarten	21,000,000	38,050,000	0
Gifted Support	1,234,800	1,370,200	3,380,100
School Safety Program	5,973,700	6,711,900	6,722,700
Small Pass-Through Programs	581,600	581,600	581,600 ^{7/}
State Block Grant - Early Childhood Education	19,372,700	19,429,100	19,446,300
State Block Grant - Vocational Education	11,198,900	11,284,000	11,400,500 ^{8/}
Vocational Education Extended Year	452,800	600,000	600,000
Ch. 375 E-learning Digital Institute	0	0	3,000,000 ^{9/}
Ch. 326 Schools; Physical Education; Pilot Program	0	0	600,000
Ch. 358 Displaced Pupils Choice Grant Program	0	0	2,500,000 ^{10/}
Ch. 340 Private Schools; Scholarships; Disabled Pupils	0	0	2,500,000 ^{10/}
Professional Development			
Teacher Certification	1,151,100	1,458,100	1,551,000 ^{11/}
Parental Choice for Reading Success	938,300	1,000,000	1,000,000
Optional Performance Incentive Programs	0	0	120,000
Teacher Training	0	0	1,000,000
Ch. 359 Alternative Teacher Development Program	0	0	2,000,000
PROGRAM TOTAL	96,391,700	110,256,500	99,989,200^{12/}
FUND SOURCES			
General Fund	91,978,800	101,593,000	91,226,300
<u>Other Appropriated Funds</u>			
Proposition 301 Fund	3,078,800	7,000,000	7,000,000
Teacher Certification Fund	1,334,100	1,663,500	1,762,900
SUBTOTAL - Other Appropriated Funds	4,412,900	8,663,500	8,762,900
SUBTOTAL - Appropriated Funds	96,391,700	110,256,500	99,989,200
Other Non-Appropriated Funds	15,434,200	27,891,700	18,781,900
Federal Funds	797,419,500	862,004,100	862,004,100
TOTAL - ALL SOURCES	909,245,400	1,000,152,300	980,775,200

COST CENTER DESCRIPTION — This cost center funds 3 “non-formula” programs in the agency’s budget: 1) School Accountability and Improvement, 2) Education Services and 3) Professional Development. The School Accountability and Improvement program funds the Student Assessment, Research and Evaluation and School Improvement and State Intervention subprograms. The Education Services program funds subprograms pertaining to Special Education, English Learners, Early Childhood Education, Title 1, Career and Technical Education, Adult Education, Best Practices, Student Nutrition, Family Literacy, Outreach Programs and Innovative Exemplary Programs. The Professional Development program funds subprograms pertaining to Highly Qualified Professionals and Standards Based Teaching and Learning.

For FY 2006 and prior years, the programs in this cost center were funded through the former Assistance to Schools and General Services Administration cost centers. Changes in the funding structure for the department are being made in FY 2007 due to its transition to “program budgeting.” Funding totals in the table above have been adjusted for all years for comparability with the agency’s new budget structure.

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 Approved
• % of students tested who perform at or above the national norm on the norm-referenced test (grade 2)				
-- reading	44	46	52	54
-- math	51	53	52	54
• % of students tested who perform at or above the national norm on the norm-referenced test (grade 9)				
-- reading	36	35	52	54
-- math	58	57	52	54
• % of schools with at least 75% of students meeting or exceeding standards in:				
-- reading	26	21	34	40
-- writing	26	33	39	45
-- math	14	12	34	40
• % of Arizona high school students who enter grade 9 and graduate within 4 years	70.8	72.7	74	76

- 1/ Includes 110.9 FTE Positions funded from Special Line Items in FY 2007.
- 2/ 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. (General Appropriation Act footnote)
- 3/ The appropriated amount is for classes in adult basic education, general education development and citizenship on a statewide basis. (General Appropriation Act footnote)
- 4/ It is the intent of the Legislature that no more than 10% of the appropriation for Adult Education Assistance be used by the Department of Education for operating the Division of Adult Education. It is also the intent of the Legislature that the greatest possible proportion of monies appropriated for adult education programs be devoted to instructional, rather than administrative, aspects of the programs. (General Appropriation Act footnote)
- 5/ The department shall give persons under 21 years of age priority in gaining access to services pertaining to general education development testing. (General Appropriation Act footnote)
- 6/ Laws 2006, Chapter 4 appropriation of \$2,555,000 in FY 2006 and \$14,610,000 in FY 2007.
- 7/ The appropriated amount includes \$50,000 for the Academic Contest Fund, \$82,400 for Academic Decathlon, \$50,000 for Arizona Geographic Alliance, \$40,000 for Arizona Humanities Council, \$25,200 for Arizona Principal’s Academy, \$234,000 for Arizona School Service through Education Technology, \$50,000 for Project Citizen, and \$50,000 for the Economic Academic Council. (General Appropriation Act footnote)
- 8/ The appropriated amount is for block grants to charter schools and school districts that have vocational education programs. It is the intent of the Legislature that monies appropriated in the General Appropriation Act for the State Block Grant for Vocational Education be used to promote improved student achievement by providing vocational education programs with flexible supplemental funding that is linked both to numbers of students in such programs and to numbers of program completers who enter jobs in fields directly related to the vocational education program that they completed. It is the intent of the Legislature that the amount of the State Block Grant for Vocational Education funding that is used for state level administration of the program be limited to no more than the amount used for such costs during the prior fiscal year plus the applicable amount of any pay raise that may be provided for state employees through legislative appropriation. (General Appropriation Act footnote)
- 9/ This appropriation is exempt from the provision of A.R.S. § 35-190, relating to lapsing of appropriations.
- 10/ This appropriation is exempt from the provision of A.R.S. § 35-190, relating to lapsing of appropriations until June 30, 2008.
- 11/ 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. (General Appropriation Act footnote)
- 12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

PERFORMANCE MEASURES (Cont'd)	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 Approved
• % of students in grade 3 meeting or exceeding state academic standards in:				
-- reading	76	71	72	78
-- writing	77	80	77	82
-- math	66	63	76	78
• % of students in grade 5 meeting or exceeding state academic standards in:				
-- reading	57	51	71	75
-- writing	55	62	69	73
-- math	49	47	71	75
• % of students in grade 8 meeting or exceeding state academic standards in:				
-- reading	54	49	67	71
-- writing	45	58	82	84
-- math	21	26	63	68
• % of students in grade 12 meeting or exceeding state academic standards in:				
-- reading	31	29	34	90
-- writing	46	39	41	90
-- math	14	11	29	90
Comments: A much higher than trend line percentage (90%) is assumed for “% of students in grade 12 meeting or exceeding state academic standards” for FY 2007 because students will have to meet state academic requirements in math, reading and writing in order to graduate that year unless they meet alternative high school graduation requirements established for FY 2006 and FY 2007 in A.R.S. § 15-701.02. For FY 2005, the percent of 12 th grade pupils passing AIMS equaled 34% for reading, 41% for writing and 29% for math (see table). For the Class of 2006 (not in table), the department reported on May 17, 2006 that 94% of students with enough credits to graduate had passed all 3 portions of the AIMS test and that an additional 4% would be able to graduate because of “augmentation, reciprocity, or special education exemption” based on preliminary reports.				
• % of students tested:				
-- Norm-referenced test (grades 2 & 9)	95	93	100	96
-- AIMS	95	96	100	97
• % of Arizona schools receiving an underperforming label	12	7	7	5
Comments: FY 2003 was the first year for which schools received an “underperforming” label, which was determined based on changes in their students’ achievement test scores (3-year average), elementary school attendance rates and high school dropout and graduation rates.				
• Maximum number of days to process complete certification applications	20	17	12	8
• % of customers satisfied with certification services	NA	NA	NA	90

Operating Budget

The budget provides \$1,335,000 for the operating budget in FY 2007. This amount consists of:

General Fund	FY 2007 \$1,123,100
Teacher Certification Fund	211,900

These amounts include an increase of \$48,200 for statewide adjustments. This amount consists of:

General Fund	41,700
Teacher Certification Fund	6,500

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

Special Line Items

School Accountability and Improvement

Achievement Testing

The budget provides \$10,240,500 and 3 FTE Positions for Achievement Testing in FY 2007. This amount consists of:

General Fund	7,900,200
Proposition 301 Fund	2,340,300

These amounts include an increase of \$10,700 from the General Fund for statewide adjustments. The approved amount also includes the following change:

Contract Costs

The budget provides an increase of \$3,057,700 from the General Fund in FY 2007 for increased contract costs for Achievement Testing. This amount includes an increase of \$2,436,600 for AIMS testing and \$621,100 for Terra Nova based on current contracts with test vendors. Those contract increases reflect adjustments for both caseload increases and test modifications.

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 and 9) and AIMS testing of at least 4 grades designated by the State Board of Education (currently Grades 3 through 8, Grade 10, and high school retakes). Separate norm-referenced testing was discontinued for pupils in Grades 3-8 in FY 2005 due to implementation of the “AIMS Dual Purpose Assessment” (AIMS-DPA), which combines AIMS and norm-referenced testing into a single test. Pupils in Grades 2 and 9 currently do not take the AIMS-DPA, however, because the No Child Left Behind Act only requires AIMS testing of pupils in Grades 3-8. A separate norm-referenced test therefore is still administered each year to pupils in Grades 2 and 9. The department currently uses the Terra Nova exam for norm-referenced testing.

The approved \$2,340,300 appropriation for Achievement Testing from the Proposition 301 Fund is from the “up to \$7 million” allowable appropriation for School Accountability in A.R.S. § 42-5029(E7). No additional Proposition 301 monies are available for achievement testing because the recommended \$2,340,300 amount for achievement testing, plus the approved \$4,659,700 Proposition 301 Fund appropriation for School Accountability program in the Non-Formula Programs cost center, sum to the maximum allowable \$7 million appropriation from Proposition 301.

AIMS Intervention/Dropout Prevention

The budget provides \$5,550,000 from the General Fund for AIMS Intervention and Dropout Prevention in FY 2007. This amount is unchanged from FY 2006. The program is authorized by A.R.S. § 15-809 and seeks to provide

additional academic support for high school pupils who are most likely to drop out of school. It was originally authorized by Laws 2000, Chapter 377. Laws 2006, Chapter 305 amends A.R.S. § 15-809 to allow the program to also serve pupils in Grades 7 and 8 and to provide services for 12 months after a pupil exits the program. In addition, Chapter 305 permits the Department of Education to use program monies to purchase materials designed to help students meet state academic standards and pass the AIMS test.

School Accountability

The budget provides \$4,699,100 and 31 FTE Positions for School Accountability in FY 2007. This amount consists of:

General Fund	39,400
Proposition 301 Fund	4,659,700

These amounts include an increase of \$300 from the General Fund for statewide adjustments. The approved amount also includes the following change:

FTE Increase

The budget provides an increase of 17 FTE Positions, but no funding change, from the Proposition 301 Fund in FY 2007 in order to align the program’s FTE authorization with its current actual usage. This change reflects the department’s decision to hire in-house staff rather than temporary consultants for the School Accountability “solution teams” program because it believed that it was more cost effective to do so and would create a more permanent base of expertise within the department regarding “school turnarounds.” “Solution teams” are required by Proposition 301 (A.R.S. § 15-241.P), which permits the department to either contract out or hire personnel for them. No funding change is provided for this issue in the approved budget because the department already is funding “solution teams” with “up to \$7,000,000” monies from Proposition 301 pursuant to A.R.S. § 42-5029(E)(7). The net approved increase for this issue is 12 FTE Positions because of a related reduction of (5) FTE Positions by the department in its operating budget (*see “FTE Reduction” narrative in the Administration cost center*).

The purpose of the School Accountability program is to promote improved student achievement and school accountability pursuant to A.R.S. § 15-241.

Education Services

Adult Education and GED

The budget provides \$4,468,900 and 4 FTE Positions from the General Fund for the Adult Education and GED (General Equivalency Degree) Special Line Item in FY 2007. This amount includes an increase of \$14,500 from the General Fund for statewide adjustments. The program funds immigrant education and adult basic education programs that receive funding through the department pursuant to A.R.S. § 15-234.

Chemical Abuse

The budget provides \$819,900 and 3 FTE Positions from the General Fund for the Chemical Abuse Prevention Program in FY 2007. This amount includes an increase of \$10,900 from the General Fund for statewide adjustments. The program funds chemical abuse prevention programs for students in grades K-12 pursuant to A.R.S. § 15-712.

English Learner Programs

The budget provides \$14,964,500 and 4.5 FTE Positions from the General Fund for English Learner Programs in FY 2007. This amount includes an increase of \$16,800 from the General Fund for statewide adjustments. The approved amount also includes the other following change:

Laws 2006, Chapter 4

Laws 2006, Chapter 4 (“English Language Learners”) includes an increase of \$14,610,000 from the General Fund in FY 2007 to address the Flores v. State of Arizona litigation. This appropriated total includes \$10,000,000 for compensatory instruction and \$4,610,000 for English language acquisition services. Chapter 4 permits the department to use an unspecified portion of the \$4,610,000 amount to provide legal services in connection with the Flores case.

Chapter 4 also appropriates \$14,300,000 to the department in FY 2007 for an increase in the English Learner Group B weight (see “*English Learner Weight*” discussion under *Basic State Aid in the Formula Programs cost center narrative*) and \$2,500,000 to the Auditor General in FY 2007 to audit the overall effectiveness of the English Language Learner program pursuant to A.R.S. § 15-756.12, as established by Chapter 4. The bill also appropriates \$2,555,000 to the department in FY 2006 for costs in providing English language proficiency assessments, scoring and ancillary materials and other costs of providing English acquisition services. All amounts appropriated by Chapter 4 other than the Group B weight increase monies and the Auditor General appropriation are included in the English Learner Programs Special Line Item in the department’s budget.

The Flores v. State of Arizona lawsuit was filed in federal court in 1992 by parents of children enrolled in the Nogales Unified School District. The plaintiffs alleged that the civil rights of Limited English Proficient (LEP) students were violated because the state failed to fund adequate language and academic instructional programs for at-risk students.

Chapter 4 was preceded by a number of vetoed bills on the same subject. These include HB 2064 from the 2005 Regular Session, HB 2002 from the 2006 First Special Session and HB 2718 from the 2006 Regular Session.

The English Learner Programs Special Line Item administers programs for English Learners, as required by A.R.S. §§ 15-756 through 15-756.13.

Extended School Year

The budget provides \$500,000 from the General Fund for Extended School Year in FY 2007. This amount is unchanged from FY 2006. The program helps pay for extended school year programs for pupils with disabilities, as required by A.R.S. § 15-881.

Family Literacy

The budget provides \$1,009,100 and 1 FTE Position from the General Fund for Family Literacy in FY 2007. This amount includes an increase of \$3,500 from the General Fund for statewide adjustments. Pursuant to A.R.S. § 15-191.01, the program seeks to increase the basic academic and literacy skills of undereducated low-income parents and their preschool children.

Full-Day Kindergarten

The budget provides no funding for the Full-Day Kindergarten program in FY 2007, as existing funding for the program has been transferred to Basic State Aid to help fund establishment of a new funding weight for Kindergarten pupils for FY 2007 (see “*Kindergarten Weight*” narrative under *Basic State Aid in the Formula Programs cost center*.)

Gifted Support

The budget provides \$3,380,100 and 2 FTE Positions from the General Fund for Gifted Support in FY 2007. The approved amount includes an increase of \$9,900 from the General Fund for statewide adjustments. The approved amount also includes the other following change:

Funding Increase

Laws 2006, Chapter 336 includes \$2,000,000 from the General Fund in FY 2007 to modify the funding formula for the program in A.R.S. § 15-779.03, which currently allows school districts to apply for funding for gifted programs equal to \$55 per pupil for 3% of the a school district or charter school’s student count, or \$1,000, whichever is more. Chapter 336 increases that formula to provide \$82 per pupil for 4% of a school district or charter school’s student count, or \$2,000, whichever is more.

School Safety Program

The budget provides \$6,722,700 and 3 FTE Positions from the General Fund for the School Safety Program in FY 2007. This amount includes an increase of \$10,800 from the General Fund for statewide adjustments.

The program places peace officers and juvenile probation officers in schools pursuant to A.R.S. § 15-154. In addition to the approved General Fund appropriation, the program will receive \$7,800,000 in Proposition 301 sales tax monies that are automatically appropriated each year by A.R.S. § 42-5029(E6).

Small Pass-Through Programs

The budget provides \$581,600 from the General Fund for Small Pass-Through Programs in FY 2007. This amount is

unchanged from FY 2006. The approved amount includes \$50,000 for the Academic Contest Fund, \$82,400 for the Academic Decathlon, \$50,000 for the Arizona Geographic Alliance, \$40,000 for the Arizona Humanities Council, \$25,200 for the Arizona Principals' Academy, \$234,000 for Arizona School Service Through Education Technology, \$50,000 for Project Citizen and \$50,000 for the Economic Academic Council.

State Block Grant for Early Childhood Education

The approved amount includes \$19,446,300 and 4.7 FTE Positions from the General Fund for the State Block Grant for Early Childhood Education in FY 2007. This amount includes an increase of \$17,200 from the General Fund for statewide adjustments. The program provides block grants to school districts and charter schools for efforts aimed at improving the academic achievement of pupils in preschool through Grade 3 pursuant to A.R.S. § 15-1251.

State Block Grant for Vocational Education

The budget provides \$11,400,500 and 32 FTE Positions from the General Fund for the State Block Grant for Vocational Education in FY 2007. This amount includes an increase of \$116,500 from the General Fund for statewide adjustments. The program provides block grants to school districts and charter schools that have career and technical education programs.

Vocational Education Extended Year

The budget provides \$600,000 from the General Fund for Vocational Education Extended Year in FY 2007. This amount is unchanged from FY 2006. This funding is to enable students to attend an extended year or summer school program in a joint technological education district pursuant to A.R.S. § 15-783.02.

Ch. 375 E-Learning Digital Institute

Laws 2006, Chapter 375 includes \$3,000,000 from the General Fund in FY 2007 to fund an E-learning pilot program. The legislation requires the department, in cooperation with an E-learning task force created by the bill, to establish an E-learning pilot program in up to 10 schools for 3 years starting in FY 2008. The pilot program will focus on mathematics instruction provided through a digital curriculum. The \$3,000,000 appropriation in the bill is non-lapsing with no specified ending date.

Ch. 326 Schools; Physical Education; Pilot Program

Laws 2006, Chapter 326 includes \$600,000 from the General Fund in FY 2007 to provide grants to public schools for a two-year Physical Education Pilot Program. The legislation requires the department to establish the 2-year pilot program in at least 1 urban school, 1 rural school and 1 high poverty school. The program requires each student in participating schools to participate in at least 150 minutes of physical education per week. The bill allows the department to use up to \$25,000 of the \$600,000 appropriation to provide technical assistance to

schools applying for the program. The \$600,000 appropriation in the bill is non-lapsing until June 30, 2008.

Ch. 358 Displaced Pupils Choice Grant Program

Laws 2006, Chapter 358 includes \$2,500,000 from the General Fund in FY 2007 to provide displaced pupils with grants to attend non-governmental schools. The grants are available only to pupils who have been placed in foster care at any time before they graduate from high school or obtain a General Equivalency Diploma. The maximum grant value is \$5,000 or the total amount of tuition and fees charged by the grant school, whichever is less. The \$2,500,000 appropriation is to be deposited by the department into a new Displaced Pupils Choice Grant Fund, which the department shall administer. The \$2,500,000 appropriation in the bill is non-lapsing until June 30, 2008.

Ch. 340 Private Schools; Scholarships; Disabled Pupils

Laws 2006, Chapter 340 includes \$2,500,000 from the General Fund in FY 2007 to provide scholarships to pupils with disabilities to attend the public or non-public school of their choice. The maximum scholarship amount equals the amount of Base Support Level that the student would generate under the Basic State Aid funding formula in A.R.S. § 15-943, which can vary from roughly \$5,000 to \$25,000 per pupil depending on the special education Group B weight for which the pupil qualifies. The \$2,500,000 appropriation is to be deposited by the department into a new Arizona Scholarships for Pupils with Disabilities Program Fund, which the department shall administer. The \$2,500,000 appropriation in the bill is non-lapsing until June 30, 2008.

Professional Development

Teacher Certification

The budget includes \$1,551,000 and 22 FTE Positions from the Teacher Certification Fund for Teacher Certification in FY 2007. This amount includes an increase of \$92,900 from the Teacher Certification Fund for statewide adjustments.

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.

Parental Choice for Reading Success

The budget includes \$1,000,000 from the General Fund for Parental Choice for Reading Success in FY 2007. This amount is unchanged from FY 2006.

The program funds training and continued development of teachers on reading instruction and scientifically based reading research pursuant to A.R.S. § 15-704.

Optional Performance Incentive Programs

The budget includes \$120,000 from the General Fund for Optional Performance Incentive Programs in FY 2007.

Base Adjustment

This amount includes an increase of \$120,000 from the General Fund from FY 2006 to restore funding that was ex-appropriated in FY 2006 by the FY 2006 supplemental bill because the \$120,000 amount was unused for that year.

The program, which is authorized under A.R.S. § 15-919.02, serves as an alternative to the Career Ladder program. Optional Performance Incentive Programs utilize measures of quality including parental satisfaction or rating of educational quality, teacher job satisfaction or rating of support, and pupil satisfaction with the quality of education being received.

Teacher Training

Laws 2006, Chapter 350 includes \$1,000,000 from the General Fund in FY 2007 to provide mentor training for teachers pursuant to Section 25 of the State Government BRB. That bill appropriates \$1,000,000 from the General Fund to the department in FY 2007 for distribution to the State Board of Education, which will distribute the monies to the Arizona K-12 Center for mentor training for the Arizona master teacher program, as prescribed by the State Board of Education. The Arizona K-12 Center is affiliated with Northern Arizona University and is located in downtown Phoenix.

Ch. 359 Alternative Teacher Development Program

Laws 2006, Chapter 359 includes \$2,000,000 from the General Fund in FY 2007 to establish an alternative teacher development program. The legislation requires the State Board of Education to establish an alternative teacher development program in order to accelerate the placement of highly qualified teachers in low income schools through the use of teaching intern certification and the identification of a qualified service provider. The legislation also requires at least 95% of the appropriated amount to be awarded to a service provider that meets all of the requirements of A.R.S. § 15-552, as established by the bill.