

Department of Education
Summary

A.R.S. § 15-201

Superintendent: The Honorable Tom Horne

JLBC Analyst: Steve Schimpp/Nick Klingerman/Leah Ruggieri

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
PROGRAM BUDGET			
Administration	5,203,400	6,075,200	8,645,500
Formula Programs	3,082,481,600	3,495,114,800	3,974,994,100
Non-Formula Programs	96,391,700	110,256,500	99,989,200
State Board of Education	587,000	633,000	757,600
AGENCY TOTAL	3,184,663,700	3,612,079,500	4,084,386,400

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	207.2	214.9	231.9 ^{1/}
Personal Services	4,523,700	5,832,200	6,347,100
Employee Related Expenditures	1,182,300	1,619,900	1,872,900
Professional and Outside Services	278,800	898,900	367,100
Travel - In State	44,400	127,800	139,800
Travel - Out of State	2,000	0	0
Other Operating Expenditures	1,460,200	1,545,300	1,644,600
Equipment	86,000	0	0
OPERATING SUBTOTAL	7,577,400	10,024,100	10,371,500
Special Line Items (SLI)	3,177,086,300	3,602,055,400	4,074,014,900
AGENCY TOTAL	3,184,663,700	3,612,079,500^{2/}	4,084,386,400^{3/4/5/}

FUND SOURCES

General Fund	3,130,204,100	3,552,448,200	4,028,165,600
Other Appropriated Funds			
Permanent State School Fund	46,509,100	50,295,000	45,220,700
Proposition 301 Fund	3,078,800	7,000,000	7,000,000
School Improvement Revenue Bond Debt Service Fund	3,215,000	318,100	1,865,400
Teacher Certification Fund	1,656,700	2,018,200	2,134,700
SUBTOTAL - Other Appropriated Funds	54,459,600	59,631,300	56,220,800
SUBTOTAL - Appropriated Funds	3,184,663,700	3,612,079,500	4,084,386,400
Other Non-Appropriated Funds			
Federal Funds	424,004,300	551,025,800	536,556,700
TOTAL - ALL SOURCES	4,406,471,400	5,025,139,800	5,482,977,600

AGENCY DESCRIPTION — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2007 it is anticipated that the department will oversee 237 school districts, accommodation districts and Joint Technological Education Districts and approximately 500 charter schools in their provision of public education from preschool through grade 12.

^{1/} Includes 119.9 FTE Positions funded from Special Line Items in FY 2007.

^{2/} Laws 2006, Chapter 316, appropriated \$16,195,400 from the General Fund and \$7,072,000 from the Permanent State School Fund to address shortfalls in Basic State Aid, Other State Aid to Districts and Achievement Testing.

^{3/} General Appropriation Act appropriation format Varies by Program.

^{4/} The department shall provide an updated report on its budget status every 2 months for the first half of each fiscal year and every month thereafter to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees, the Director of the Joint Legislative Budget Committee and the Director of the Governor's Office of Strategic Planning and Budgeting. Each report shall include, at a minimum, the department's current funding surplus or shortfall projections for Basic State Aid and other major formula-based programs and shall be due 30 days after the end of the applicable reporting period. (General Appropriation Act footnote)

^{5/} Within 15 days of each apportionment of state aid that occurs pursuant to A.R.S. § 15-973B, the department shall provide the Joint Legislative Budget Committee Staff and the Governor's Office of Strategic Planning and Budgeting with an electronic spreadsheet or database copy of data included in the apor55-1 report for that apportionment for each school district and the char55-1 report for that apportionment for each charter school. (General Appropriation Act footnote)

FY 2006 Supplemental

Laws 2006, Chapter 316 (the FY 2006 Supplemental Bill) appropriates \$16,195,400 from the General Fund in FY 2006 and \$7,072,000 from the Permanent State School Fund in FY 2006 to the department to address funding shortfalls for formula programs and Achievement Testing. Components of the \$16,195,400 General Fund total, which includes reductions for some programs due to available surpluses for them in FY 2006, are shown in *Table 1*. The \$7,072,000 supplemental appropriation from the Permanent State School Fund in FY 2007 is due to the availability of carry-forward monies from that fund from prior fiscal years and a revised estimate of the amount of monies available for expenditure from it in FY 2006.

OVERVIEW OF PROPOSITION 301

This section provides an overview of Proposition 301 from the November 2000 General Election. That Proposition amended A.R.S. § 42-5010 in order to raise the state Transaction Privilege Tax (TPT) (“sales tax”) rate on most purchases from 5% to 5.6%. It also amended A.R.S. § 42-5029 in order to prescribe how those new revenues would be allocated (see *Table 2*).

As shown in *Table 2*, the K-12 Classroom Site Fund receives all monies that remain from the Proposition 301 Fund after all other allocations are made. It also receives all growth in expendable earnings from the Permanent State School Fund after FY 2001.

For FY 2007, a total of \$406,550,500 is expected to be available for distribution from the Classroom Site Fund (see *Table 2*). This would provide an estimated \$333 per “Group A weighted” ADM pupil under the formula prescribed in A.R.S. § 15-977(B)(2).

The allocations shown in *Table 2* are estimates. Actual allocations will depend on sales tax collections for FY 2006.

	FY 2006 Supplemental	
Program		FY 2006 Shortfall or (Surplus)
Basic State Aid	\$16,706,500	GF
Achievement Testing	1,402,200	GF
Supplemental State Aid	711,600	GF
Certificates of Educational Convenience	582,100	GF
Additional State Aid	(3,087,000)	GF
Optional Performance Incentives (OPIP)	(120,000)	GF
General Fund subtotal	16,195,400	GF
Basic State Aid	7,072,000	OF
Other Fund subtotal	7,072,000	OF
Total Supplemental	\$23,267,400	GF+OF

PROPOSITION 301 MONIES			
	FY 2005	FY 2006*	FY 2007*
Revenues			
Estimated 0.6 cent Sales Tax Revenue	\$532,417,600	\$623,405,100	\$ 660,186,000
Expenditures			
Students FIRST Debt Service	65,814,700	65,805,000	65,805,000
Universities	55,992,300	66,912,000	71,325,700
Community Colleges	13,998,100	16,728,000	17,831,400
Tribal Assistance	516,600	531,300	542,900
Additional School Days	66,957,200	86,280,500	86,280,500
School Safety	7,800,000	7,800,000	7,800,000
Character Education	200,000	200,000	200,000
School Accountability	6,842,300	7,000,000	7,000,000
Failing Schools Tutoring Fund	1,500,000	1,500,000	1,500,000
Income Tax Credit for Sales Tax Paid	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Available for Site Fund: Sales Tax	287,638,700	345,648,300	376,900,500
Available for Site Fund: Land Trust	(not available)	23,119,700	29,650,000
Prior Year Carryforward	(not available)	<u>17,426,400</u>	<u>0</u>
Total Available for Classroom Site Fund	\$(not available)	\$386,194,400	\$406,550,500
* Estimated			