

Department of Education
Non-Formula Programs

JLBC: Steve Schimpp/Nick Klingerman/Leah Ruggieri
 OSPB: Stacey Morley

DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	104.4	107.4	124.4
Personal Services	385,800	504,000	504,000
Employee Related Expenditures	93,300	140,600	140,600
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	412,500
Equipment	5,200	0	0
OPERATING SUBTOTAL	799,600	1,275,800	1,275,800
SPECIAL LINE ITEMS			
School Accountability and Improvement			
Achievement Testing	9,420,200	7,169,900	7,459,900
AIMS Intervention and Dropout Prevention	550,100	5,550,000	5,550,000
School Accountability	6,141,200	4,698,100	4,698,100
Education Services			
Adult Education and GED	4,449,300	4,451,000	4,451,000
Chemical Abuse	714,900	806,200	806,200
English Learner Programs	11,014,800	332,600	332,600
Extended School Year	404,300	500,000	500,000
Family Literacy	993,400	1,004,900	1,004,900
Full-Day Kindergarten	21,000,000	38,050,000	38,050,000
Gifted Support	1,234,800	1,367,400	1,367,400
School Safety Program	5,973,700	6,709,700	6,709,700
Small Pass-Through Programs	581,600	581,600	581,600
State Block Grant - Early Childhood Education	19,372,700	19,424,600	19,424,600
State Block Grant - Vocational Education	11,198,900	11,256,800	11,256,800
Vocational Education Extended Year	452,800	600,000	600,000
Professional Development			
Teacher Certification	1,151,100	1,438,100	1,438,100
Parental Choice for Reading Success	938,300	1,000,000	1,000,000
Optional Performance Incentive Programs	0	120,000	120,000
PROGRAM TOTAL	96,391,700	106,336,700	106,626,700

FUND SOURCES

General Fund	91,978,800	97,694,600	97,984,600
<u>Other Appropriated Funds</u>			
Proposition 301 Fund	3,078,800	7,000,000	7,000,000
Teacher Certification Fund	1,334,100	1,642,100	1,642,100
SUBTOTAL - Other Appropriated Funds	4,412,900	8,642,100	8,642,100
SUBTOTAL - Appropriated Funds	96,391,700	106,336,700	106,626,700
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	996,232,500	987,412,700

CHANGE IN FUNDING SUMMARY

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
General Fund	290,000	0.3%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	290,000	0.3%
Non Appropriated Funds	(9,109,800)	(1.0%)
Total - All Sources	(8,819,800)	(0.9%)

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 JLBC
• % 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 9 th grade and graduate within 4 years	70.8	72.7	74	76
• % 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

PERFORMANCE MEASURES (Continued)	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	JLBC
• % 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 only by Laws 2005, Chapter 304. 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 currently (as of January 2006) estimates that 80% have passed AIMS reading, 81% have passed AIMS writing and 75% have passed AIMS math upon completion of fall 2005 retesting (out of an estimated 62,900 pupils in the Class of 2006 cohort at the beginning of FY 2006). AIMS retesting for this cohort will again occur during spring 2006. Historically, 3 rd graders have performed best on AIMS, followed by pupils in 5 th grade, 8 th grade and high school, respectively. The percentage of pupils passing AIMS math for FY 2005, for example, equaled 76% for grade 3, 71% for grade 5, 63% for grade 8, and 29% for high school seniors.				
• % 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

RECOMMENDED CHANGES FROM FY 2006

Operating Budget

The JLBC recommends \$1,275,800 for the operating budget in FY 2007. This amount consists of:

	FY 2007
General Fund	\$1,071,800
Teacher Certification Fund	204,000

These amounts are unchanged for FY 2007.

Special Line Items

School Accountability and Improvement

Achievement Testing

The JLBC recommends \$7,459,900 and 3 FTE Positions for Achievement Testing in FY 2007. This amount consists of:

General Fund	5,119,600
Proposition 301 Fund	2,340,300

FY 2007 JLBC Budget

These amounts include the following adjustments:

Caseload Growth

GF 290,000

The JLBC recommends an increase of \$290,000 from the General Fund in FY 2007 for caseload growth in the Achievement Testing program. The department indicates that the current AIMS testing contract anticipated that about 1,448,200 total tests for Math, Reading and Writing combined would be administered for spring 2005 testing, but the actual number was approximately 1,738,400. The department indicates that the higher caseloads will increase testing costs by about \$290,000 for both FY 2006 and FY 2007 due to higher expenses for test forms and scoring. The JLBC also recommends \$290,000 in supplemental funding for this issue for FY 2006 (see the “FY 2006 Supplemental” narrative in the Formula Programs’ cost center).

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

Laws 2005, Chapter 329 (the FY 2006 Education Budget Reconciliation Bill) appropriated \$38,050,000 in General Fund funding for the program for FY 2006, which was the second year of the program. Chapter 329 requires all FY 2006 funding for the program to be allocated to schools (both district and charter) that have at least 80% of their pupils qualifying for free or reduced price lunches under the federal school lunch program. Chapter 329 also required the department to conduct a comprehensive review of existing research on Full-Day Kindergarten, assess the long-term academic impact of that instruction and submit a report that summarizes the department's findings and conclusions to the Governor, President of the Senate, Speaker of the House, and Joint Legislative Budget Committee by December 1, 2005 (discussed below). Chapter 329 also stipulates that "the Legislature shall not consider the appropriation of any additional state monies for Full-Day Kindergarten until after the Joint Legislative Budget Committee has reviewed the study."

The ADE report on FDK research reviews 13 academic studies on the impact of FDK. The Executive Summary of the ADE report states that: "ADE found that there are an insufficient number of well-designed research studies documenting the duration of FDK benefits beyond the 2nd Grade. The lack of sufficient data creates challenges for making sound conclusions related to students' academic outcomes. Many studies describe FDK and its short-term academic benefits, but researchers, advocates and policy makers seem to agree that more longitudinal studies exploring the long-term effects of FDK are needed." The complete ADE report on FDK research is available online at <http://www.ade.az.gov/pio/Press-Releases/2005/Default.asp> (12-02-2005 press release).

Gifted Support

The JLBC recommends \$1,367,400 and 2 FTE Positions from the General Fund for Gifted Support in FY 2007. This amount is unchanged from FY 2006.

The program is authorized by A.R.S. § 15-772, which allows school districts to apply for funding for gifted programs equal to \$55 per pupil for 3% of the district's student count, or \$1,000, whichever is more.

School Safety Program

The JLBC recommends \$6,709,700 and 3 FTE Positions from the General Fund for the School Safety Program in FY 2007. This amount is unchanged from FY 2006.

The program places peace officers and juvenile probation officers in schools pursuant to A.R.S. § 15-154. In addition to the recommended General Fund appropriation, the program would 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 JLBC recommends \$581,600 from the General Fund for Small Pass-Through Programs in FY 2007. This

amount is unchanged from FY 2006. The recommended 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 JLBC recommends \$19,424,600 and 4.7 FTE Positions from the General Fund for the State Block Grant for Early Childhood Education in FY 2007. This amount is unchanged from FY 2006. 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 JLBC recommends \$11,256,800 and 32 FTE Positions from the General Fund for the State Block Grant for Vocational Education in FY 2007. This amount is unchanged from FY 2006. The program provides block grants to school districts and charter schools that have career and technical education programs.

Vocational Education Extended Year

The JLBC recommends \$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.

Professional Development

Teacher Certification

The JLBC recommends \$1,438,100 and 22 FTE Positions from the Teacher Certification Fund for Teacher Certification in FY 2007. This amount is unchanged from FY 2006.

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 JLBC recommends \$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 JLBC recommends \$120,000 from the General Fund for Optional Performance Incentive Programs in FY 2007. This amount is unchanged from FY 2006.

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.

* * *

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

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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.

The appropriated amount is for classes in adult basic education, general education development and citizenship on a statewide basis.

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.

The department shall give persons under 21 years of age priority in gaining access to services pertaining to general education development testing.

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.

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.

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.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
