	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	107.4	144.4	147.4[1/]
Personal Services	540,800	637,300	656,600
Employee Related Expenditures	127,200	194,700	206,800
Professional and Outside Services	99,700	52,900	52,900
Travel - In State	2,400	20,300	20,300
Travel - Out of State	1,000	0	0
Other Operating Expenditures	355,500	429,800	429,500
Equipment	8,400	0	0
OPERATING SUBTOTAL	**1,135,000**	**1,335,000**	**1,366,100**
SPECIAL LINE ITEMS			
School Accountability and Improvement			
Achievement Testing	4,810,900	10,240,500	10,246,200[2/]
AIMS Intervention; Dropout Prevention	5,358,800	5,550,000	5,550,000
School Accountability	3,348,800	4,699,100	4,699,100
Education Services			
Adult Education and GED	4,449,800	4,468,900	4,477,900[3/]
Chemical Abuse	790,500	819,900	826,300
Disabled Pupil Scholarships	0	2,500,000	2,500,000
Displaced Pupils Choice Grant Program	0	2,500,000	2,500,000
E-Learning Digital Institute	0	3,000,000	0
English Learner Administration	4,375,200	14,964,500	5,025,500[4/]
Compensatory Instruction Fund Deposit	0	0	10,000,000
Extended School Year	500,000	500,000	500,000
Family Literacy	1,005,600	1,009,100	1,011,300
Full-Day Kindergarten	38,050,000	0	0
Gifted Support	1,362,900	3,380,100	3,385,300
Physical Education Pilot Program	0	600,000	110,000
School Safety Program	6,711,900	6,722,700	6,728,300
Small Pass-Through Programs	581,600	581,600	581,600[5/]
State Block Grant - Early Childhood Education	19,429,100	19,446,300	19,457,100
State Block Grant - Vocational Education	11,284,000	11,400,500	11,467,200[6/]
Vocational Education Extended Year	356,100	600,000	600,000
Civics Training	0	0	100,000[7/8/]
Risk Management Training	0	0	400,000[9/8/]
Technology Grants	0	0	1,000,000[10/8/]
Professional Development			
Teacher Certification	1,429,700	1,551,000	1,805,200[11/]
Parental Choice for Reading Success	965,100	1,000,000	1,000,000
Reading First Initiative	0	0	1,000,000[12/8/]
Optional Performance Incentive Programs	0	120,000	120,000
Teacher Training	0	1,000,000	3,000,000[13/]
Alternative Teacher Development Program	0	2,000,000	1,000,000
PROGRAM TOTAL	**105,945,000**	**99,989,200**	**100,457,100**[14/]
FUND SOURCES			
General Fund	100,554,500	91,226,300	91,434,200
Other Appropriated Funds			
Proposition 301 Fund	3,755,400	7,000,000	7,000,000
Teacher Certification Fund	1,635,100	1,762,900	2,022,900
SUBTOTAL - Other Appropriated Funds	5,390,500	8,762,900	9,022,900
SUBTOTAL - Appropriated Funds	**105,945,000**	**99,989,200**	**100,457,100**
Other Non-Appropriated Funds	18,116,300	17,715,600	17,715,600
Federal Funds	861,872,400	828,991,500	828,991,500
TOTAL - ALL SOURCES	985,933,700	946,696,300	947,164,200

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.

PERFORMANCE MEASURES	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
• % of students tested who perform at or above the national norm on the norm-referenced test (grade 2)				
-- reading	46	52	47	54
-- math	53	52	52	54
• % of students tested who perform at or above the national norm on the norm-referenced test (grade 9)				
-- reading	35	52	52	54
-- math	57	52	52	54
• % of schools with at least 75% of students meeting or exceeding standards in:				
-- reading	21	34	34	36
-- writing	33	39	33	36
-- math	12	34	32	35
• % of Arizona high school students who enter grade 9 and graduate within 4 years	72.7	74	75	76

1/ Includes 133.9 FTE Positions funded from Special Line Items in FY 2008.
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 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)
4/ The appropriated amount is to be used by the Department of Education to provide English language acquisition services for the purposes of A.R.S. § 15-756.07 and for the costs of providing English language proficiency assessments, scoring and ancillary materials as prescribed by the Department of Education to school districts and charter schools for the purposes of A.R.S. Title 15, Chapter 7, Article 3.1. The Department of Education may use a portion of the appropriated amount to hire staff or contract with a third party to carry out the purposes of A.R.S. § 15-756-07. Notwithstanding A.R.S. § 41-192, the Superintendent of Public Instruction also may use a portion of the appropriated amount to contract with one or more private attorneys to provide legal services in connection with the case of Flores v. State of Arizona, No. CIV 92-596-TUC-RCC. (General Appropriation Act footnote)
5/ 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)
6/ 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)
7/ Laws 2007, Chapter 264 appropriation of $100,000.
8/ This appropriation is exempt from the provision of A.R.S. § 35-190, relating to lapsing of appropriations.
9/ Laws 2007, Chapter 264 appropriation of $400,000.
10/ Laws 2007, Chapter 264 appropriation of $1,000,000.
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/ Laws 2007, Chapter 264 appropriation of $1,000,000.
13/ The appropriated amount is for the Department of Education to distribute to the State Board of Education, which will distribute the monies to the Arizona K-12 center for program implementation and mentor training for the Arizona Master Teacher program as prescribed by the State Board of Education. (General Appropriation Act footnote)
14/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

PERFORMANCE MEASURES (Cont'd)	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
• % of students in grade 3 meeting or exceeding state academic standards in:				
-- reading	71	72	75	76
-- writing	80	77	57	76
-- math	63	76	78	79
• % of students in grade 5 meeting or exceeding state academic standards in:				
-- reading	51	71	74	76
-- writing	62	69	62	70
-- math	47	71	74	76
• % of students in grade 8 meeting or exceeding state academic standards in:				
-- reading	49	67	69	71
-- writing	58	82	84	86
-- math	26	63	68	70
• % of students in grade 12 meeting or exceeding state academic standards in:				
-- reading	29	34	46	90
-- writing	39	41	43	90
-- math	11	29	30	90
Comments: Reported 12th Grade data include only high school Seniors who took AIMS tests during their Senior year and therefore exclude 12th Grade pupils who passed AIMS during their Sophomore or Junior years (unless they retook AIMS voluntarily during 12th Grade in order to improve their scores) and pupils who dropped out of school prior to 12th Grade.				
• % of students tested:				
-- Norm-referenced test (Grades 2 and 9)	93	100	96	97
-- AIMS	96	100	96	97
• % of Arizona schools receiving an underperforming label	7	7	6.5	5.5
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	17	12	10	8
• % of customers satisfied with certification services	NA	NA	89	90

Operating Budget

The budget provides $1,366,100 and 13.5 FTE Positions for the operating budget in FY 2008. This amount consists of:

	FY 2008
General Fund	$1,148,400
Teacher Certification Fund	217,700

These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of $31,100 for statewide adjustments. This amount consists of:

General Fund	25,300
Teacher Certification Fund	5,800

(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 $10,246,200 and 3 FTE Positions for Achievement Testing in FY 2008. This amount consists of:

General Fund	7,905,900
Proposition 301 Fund	2,340,300

These amounts fund the following adjustments:

Statewide Adjustments
The budget provides an increase of $5,700 from the General Fund in FY 2008 for statewide adjustments.

This Special Line Item funds costs of developing, administering and scoring achievement tests required by A.R.S. § 15-741. (Federal No Child Left Behind monies also help fund the program. The department estimates that Federal Funds will provide $4,500,000 for the program in FY 2008.) That law requires "norm-referenced testing" of Grades selected by the Superintendent of Public Instruction (currently Grades 2 and 9) and AIMS testing of at least four Grades designated by the State Board of Education (currently Grades 3 through 8, Grade 10, and high school retakes).

The approved $2,340,300 amount 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 approved $2,340,300 amount for achievement testing, plus the approved $4,659,700 Proposition 301 Fund amount for School Accountability program in the Non-Formula Programs cost center, sum to the maximum allowable $7,000,000 appropriation from Proposition 301.

AIMS Intervention; Dropout Prevention
The budget provides $5,550,000 from the General Fund for AIMS Intervention; Dropout Prevention in FY 2008. This amount is unchanged from FY 2007. 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. Program funding is awarded on a competitive grant basis and 54 school districts, charter schools and other entities (such as Big Brothers/Big Sisters) received program grants for FY 2007.

The program was originally authorized by Laws 2000, Chapter 377. Laws 2006, Chapter 305 amended 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 permitted 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 2008. This amount consists of:

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

These amounts are unchanged from FY 2007.

The purpose of the School Accountability program is to promote improved student achievement and school accountability pursuant to A.R.S. § 15-241. Program funding is used primarily to cover costs of solution teams that are assigned to help underperforming schools pursuant to A.R.S. § 15-241(P). Program funding also is used to fund analysis of student achievement testing data in order determine the academic effectiveness of individual schools and to fund a portion of maintenance costs of the Student Accountability Information System (SAIS).

Education Services

Adult Education and GED
The budget provides $4,477,900 and 4 FTE Positions from the General Fund for the Adult Education and GED (General Education Development) Special Line Item in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $9,000 from the General Fund in FY 2008 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. Funding is awarded on a competitive grant basis and for FY 2007 was allocated to 31 school districts, community colleges and local entities such as the "Gila Literacy Program."

Chemical Abuse
The budget provides $826,300 and 3 FTE Positions from the General Fund for the Chemical Abuse Prevention Program in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $6,400 from the General Fund in FY 2008 for statewide adjustments.

The program funds chemical abuse prevention programs for students in Grades K-12 pursuant to A.R.S. § 15-712. Funds are awarded on a competitive grant basis to programs that are research-based and have proven to be effective or show promise of being effective. For

FY 2007, 75 entities (mostly school districts) received funding from this program.

Disabled Pupil Scholarships
The budget provides $2,500,000 from the General Fund for the Disabled Pupils Scholarships program in FY 2008. This amount is unchanged from FY 2007.

The program provides scholarships to pupils with disabilities to attend the public or non-public school of their choice pursuant to A.R.S. §15-891, as established by Laws 2006, Chapter 340. The maximum scholarship amount equals the amount of Base Support Level funding 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 program received $2,500,000 in initial funding from Laws 2006, Chapter 340, which is non-lapsing through June 30, 2008.

Displaced Pupils Choice Grant Program
The budget provides $2,500,000 from the General Fund for the Displaced Pupils Choice Grant Program in FY 2008. This amount is unchanged from FY 2007.

The program provides displaced pupils with grants to attend non-governmental schools pursuant to A.R.S. §15-817.01, as established by Laws 2006, Chapter 358. Program 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 program received $2,500,000 in initial funding from Chapter 358, which is non-lapsing through June 30, 2008.

E-Learning Digital Institute
The budget provides no new funding for the E-Learning Digital Institute in FY 2008. Laws 2006, Chapter 375 appropriated $3,000,000 in one-time funding from the General Fund in FY 2007 to fund an E-learning pilot program. The legislation originally required 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 K-12 Education Budget Reconciliation Bill (BRB) for FY 2008 (Laws 2007, Chapter 264), however, extends all program deadlines by 1 year, so the pilot program now may commence in FY 2009 and continue through FY 2011 (originally FY 2010). Chapter 264 also gives the department until FY 2011 (originally FY 2010) to allocate the original $3,000,000 in program funding, which is non-lapsing with no specified ending date (unchanged from original bill). The K-12 Education BRB also adds 3 additional members to the Arizona e-Learning Task Force. The pilot program will focus on mathematics instruction provided through a digital curriculum.

English Learner Administration
The budget provides $5,025,500 and 24.5 FTE Positions from the General Fund for English Learner Programs in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $61,000 from the General Fund in FY 2008 for statewide adjustments.

The program consists primarily of programs and funding authorized by Laws 2006, Chapter 4, which provided an increase of $14,610,000 from the General Fund in FY 2007 to address the Flores v. State of Arizona litigation. That increase included $4,610,000 for English language acquisition services provided by the department and $10,000,000 for compensatory instruction. For FY 2008, the $10,000,000 for compensatory instruction is moved into its own separate line item *(please see below)*.

Chapter 4 included session law language stipulating how the $4,610,000 amount was to be used and provided authorization for the department to spend an unspecified portion of those monies on legal services in connection with the Flores case. That session law language is continued unchanged for FY 2008, but as a General Appropriation Act footnote rather than as separate bill language.

Chapter 4 also appropriated $14,300,000 to the department in FY 2007 for an increase in the English Learner Group B weight. That funding is continued for FY 2008 in a new "Conditional English Learner Weight Funding" line item in the Formula Programs cost center. *(Please see "English Learner Weight" narrative in the Formula Programs cost center for details.)*

In total, Chapter 4 appropriated $31,410,000 from the General Fund for English Learner issues in FY 2007, including $2,500,000 that was appropriated to the Auditor General for related auditing costs *(see the FY 2007 Appropriations Report for more information)*. That entire $31,410,000 amount is continued in FY 2008.

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. As of this writing, litigation in this case is ongoing.

Compensatory Instruction Fund Deposit
The budget provides $10,000,000 from the General Fund in FY 2008 for a deposit into the Compensatory Instruction Fund. This amount is unchanged from FY 2007.

As noted above, this funding was originally appropriated by Laws 2006, Chapter 4. The FY 2007 Appropriations

Report included the $10,000,000 as part of the "English Learner Administration" line item, along with other non-formula appropriations from Chapter 4. For FY 2008, the $10,000,000 is appropriated into a separate "Compensatory Instruction Fund Deposit" line item and therefore no longer appears as part of the "English Learner Administration" budget.

Extended School Year
The budget provides $500,000 from the General Fund for Extended School Year in FY 2008. This amount is unchanged from FY 2007. The program helps fund extended school year programs for pupils with disabilities, as required by A.R.S. § 15-881.

Family Literacy
The budget provides $1,011,300 and 1 FTE Position from the General Fund for Family Literacy in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $2,200 from the General Fund in FY 2008 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. Program funding is awarded on a competitive grant basis. For FY 2007, 12 organizations (9 school districts, 2 community colleges, and 1 community-based organization) received grant funding from this program.

Full-Day Kindergarten
The budget provides no funding for the Full-Day Kindergarten program in FY 2008. This amount is unchanged from FY 2007. For FY 2007, base funding for the program was transferred to Basic State Aid to help fund establishment of a new Kindergarten Group B funding weight *(see "Kindergarten Weight" narrative under Basic State Aid in the Formula Programs cost center for details.)*

Gifted Support
The budget provides $3,385,300 and 2.7 FTE Positions from the General Fund for Gifted Support in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $5,200 from the General Fund in FY 2008 for statewide adjustments.

The program funds Gifted Education, which statute defines as consisting of "appropriated academic course offerings and services that are required to provide an educational program that is an integral part of the regular school day and that is commensurate with the academic abilities and potential of a gifted pupil" (A.R.S. §15-779). Program funding is allocated under a formula established in A.R.S. § 15-779.03, which provides $82 per pupil for 4% of a school district or charter school's student count, or $2,000, whichever is more.

Physical Education Pilot Program
The budget provides $110,000 in one-time funding from the General Fund for the Physical Education Pilot Program in FY 2008. This amount funds the following adjustment:

One-Time Funding
The budget provides a decrease of $(490,000) in one-time funding from the General Fund in FY 2008 for the program.

Laws 2006, Chapter 326 appropriated $600,000 from the General Fund in FY 2007 to provide grants to public schools for a 2-year Physical Education Pilot Program. For FY 2008, the budget provides $110,000 in one-time funding from the General Fund, or $(490,000) less than the FY 2007 amount.

Chapter 236 required 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 original $600,000 appropriation from Chapter 326 is non-lapsing through June 30, 2008. The new $110,000 appropriation is not non-lapsing.

School Safety Program
The budget provides $6,728,300 and 3 FTE Positions from the General Fund for the School Safety Program in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $5,600 from the General Fund in FY 2008 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). Program funding from both sources is allocated on a competitive grant basis and for FY 2007 was received by 89 school districts.

Small Pass-Through Programs
The budget provides $581,600 from the General Fund for Small Pass-Through Programs in FY 2008. This amount is unchanged from FY 2007. The included 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 budget provides $19,457,100 and 4.7 FTE Positions from the General Fund for the State Block Grant for Early Childhood Education in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $10,800 from the General Fund in FY 2008 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. Program monies are allocated to individual school districts and charter schools based on the percentage of their respective pupils who are eligible for free or reduced price lunches under the federal school nutrition program.

State Block Grant for Vocational Education
The budget provides $11,467,200 and 32 FTE Positions from the General Fund for the State Block Grant for Vocational Education in FY 2008. This amount funds the following adjustment:

Statewide Adjustments
The budget provides an increase of $66,700 from the General Fund in FY 2008 for statewide adjustments.

The program provides block grants to school districts and charter schools that have Career and Technical Education programs. Program funding is allocated based partly on the number of students enrolled in Career and Technical Education programs at each school district or charter school and partly on their respective job placement rates for those programs.

Vocational Education Extended Year
The budget provides $600,000 from the General Fund for Vocational Education Extended Year in FY 2008. This amount is unchanged from FY 2007. 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.

Civics Training
Laws 2007, Chapter 264, the K-12 Education BRB, appropriates $100,000 from the General Fund for a new Civics Training line item in FY 2008. Chapter 264 requires these monies to be deposited into a new non-lapsing Arizona Government Education Fund authorized by A.R.S. §15-246, as established by the bill. A.R.S. §15-246 stipulates that the department shall administer the fund and use monies in it to contract with third parties for annual, one-week high school civics courses that focus on state government. It also requires the courses to be sponsored by a federally-chartered national veterans' organization that has at least 50 years of experience in providing this type of civics education and requires courses to be conducted on the campuses of public and private postsecondary institutions in Arizona.

Risk Management Training
Laws 2007, Chapter 264, the K-12 Education BRB, appropriates $400,000 from the General Fund for a new Risk Management Training line item in FY 2008. It also requires the department to use the funding to purchase qualified outsourced materials for use in providing education administrators and managers staff development in the area of employee discipline and risk management techniques. The K-12 Education BRB requires the materials to be used to provide training on research-based staff development that is intended to proactively reduce employee discipline-related legal risks. The appropriated amount is non-lapsing with no specified ending date.

Technology Grants
Laws 2007, Chapter 264, the K-12 Education BRB, appropriates $1,000,000 in one-time funding from the General Fund for a new instructional technology systems pilot program line item in FY 2008. It also requires the State Board of Education, in collaboration with the Department of Education, to establish an instructional technology systems pilot program under parameters specified in A.R.S. §15-901.04, as established by the bill. A.R.S. §15-901.04 requires the Department of Education to select one school that provides instruction in any combination of Kindergarten programs and Grades 1-8 to participate in the program, after review and approval by the State Board of Education. It also specifies that program monies shall be used to significantly increase academic performance at the pilot site through an upgrading of instructional technology systems and through teacher training on the use of those technologies.

<u>Professional Development</u>

Teacher Certification
The budget provides $1,805,200 and 25 FTE Positions from the Teacher Certification Fund for Teacher Certification in FY 2008. This amount includes the following adjustments:

Statewide Adjustments
The budget provides an increase of $59,100 from the Teacher Certification Fund for statewide adjustments.

Caseload Growth and Service Enhancements
The budget provides an increase of $195,100 and 3 FTE Positions from the Teacher Certification Fund in FY 2008 for caseload growth and service enhancements. Program caseloads have been increasing in recent years due to 1) rapid demographic growth, 2) additional certification requirements pertaining to Structured English Immersion training for all teachers, and 3) increased teacher credential monitoring requirements under No Child Left Behind (which requires documentation of a "highly qualified teacher" being in every classroom). The additional

resources also will enable the program to increase outreach in order to improve customer service.

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 provides $1,000,000 from the General Fund for Parental Choice for Reading Success in FY 2008. This amount is unchanged from FY 2007.

The program funds training and continued development of teachers on reading instruction and scientifically based reading research pursuant to A.R.S. § 15-704. Currently 2 private sector firms provide school districts and charter schools with services under the program and receive program funding. Service providers for the program are selected through a Request for Proposals process administered by the State Board of Education. The current 5-year renewable contracts expire after FY 2008.

Reading First Initiative
Laws 2007, Chapter 264, the K-12 Education BRB, appropriates $1,000,000 in one-time funding from the General Fund for a new Reading First Initiative line item in FY 2008. It also requires the department to distribute the monies as grants to schools for expanding the Reading First program authorized under the federal No Child Left Behind Act of 2001. The Reading First program seeks to ensure that every Arizona child will learn to read proficiently by third grade and remain a proficient reader through the twelfth grade.

Optional Performance Incentive Programs
The budget provides $120,000 from the General Fund for Optional Performance Incentive Programs in FY 2008. This amount is unchanged from FY 2007.

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
The budget provides $3,000,000 from the General Fund for the Teacher Training program in FY 2008. This amount includes the following adjustment:

Program Expansion
The budget provides an increase of $2,000,000 from the General Fund in FY 2008 to increase the number of teachers serving as mentors under the Teacher Training ("Master Teacher") program.

The program received $1,000,000 in first-time funding in FY 2007 from Laws 2006, Chapter 350, which required the State Board of Education to distribute those monies to the Arizona K-12 Center to provide teacher mentor training prescribed by the Board. A footnote in the General Appropriation Act continues this distribution requirement for FY 2008. The Arizona K-12 Center is affiliated with Northern Arizona University and is located in downtown Phoenix.

Alternative Teacher Development Program
The budget provides $1,000,000 in one-time funding from the General Fund for the Alternative Teacher Development Program in FY 2008. This amount includes the following adjustment:

One-Time Funding
The budget provides a decrease of $(1,000,000) in one-time funding from the General Fund for the program in FY 2008.

For FY 2007, Laws 2006, Chapter 359 provided the program with $2,000,000 in one-time monies from the General Fund. Those monies were for establishing an alternative teacher development program pursuant to A.R.S. § 15-552, as established by Chapter 359. The purpose of the program is to accelerate the process of identifying, training, and placing highly qualified individuals into low income schools. A.R.S. § 15-552 requires the department to provide the program's service provider with a matching grant equal to the amount of matching monies raised by the service provider, not to exceed the amount of state monies appropriated for this purpose. In FY 2007, these monies were awarded to the Arizona Teach for America program.