

Department of Education
Summary

A.R.S. § 15-201

Superintendent: The Honorable Tom Horne

JLBC Analyst: Steve Schimpp/Nick Klingerman

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved
PROGRAM BUDGET			
Administration	5,648,900	8,645,500	6,705,300
Formula Programs	3,499,445,900	3,974,994,100	4,307,203,800
Non-Formula Programs	105,945,000	99,989,200	100,457,100
State Board of Education	552,500	757,600	3,726,100
AGENCY TOTAL	3,611,592,300	4,084,386,400	4,418,092,300

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	214.9	251.9	258.9 ^{1/}
Personal Services	5,066,600	6,543,000	6,866,900
Employee Related Expenditures	1,390,400	1,909,700	2,060,300
Professional and Outside Services	674,000	349,000	370,800
Travel - In State	41,900	107,600	107,600
Travel - Out of State	3,900	0	0
Other Operating Expenditures	1,323,200	1,372,200	1,850,600
Equipment	229,700	90,000	90,000
OPERATING SUBTOTAL	8,729,700	10,371,500	11,346,200
Special Line Items (SLI)	3,602,862,600	4,074,014,900	4,406,746,100
AGENCY TOTAL	3,611,592,300	4,084,386,400	4,418,092,300^{2/3/4/}

FUND SOURCES

General Fund	3,555,287,500	4,028,165,600	4,363,465,100
<u>Other Appropriated Funds</u>			
Permanent State School Fund	50,295,000	45,220,700	45,220,700
Proposition 301 Fund	3,755,400	7,000,000	7,000,000
School Improvement Revenue Bond Debt Service Fund	318,100	1,865,400	0
Teacher Certification Fund	1,936,300	2,134,700	2,406,500
SUBTOTAL - Other Appropriated Funds	56,304,800	56,220,800	54,627,200
SUBTOTAL - Appropriated Funds	3,611,592,300	4,084,386,400	4,418,092,300
Other Non-Appropriated Funds	533,621,900	569,159,300	665,846,300
Federal Funds	862,323,700	829,023,400	829,023,400
TOTAL - ALL SOURCES	5,007,537,900	5,482,569,100	5,912,962,000

AGENCY DESCRIPTION — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2008 it is anticipated that the department will oversee 238 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 136.9 FTE Positions funded from Special Line Items in FY 2008.

^{2/} General Appropriation Act appropriation format Varies by Program.

^{3/} 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)

^{4/} 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)

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 1*).

As shown in *Table 1*, 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 any K-12 related expendable “land trust” earnings above \$72,263,000, which was the amount of K-12 earnings generated by the State Treasurer and State Land Department combined for FY 2001 (the last year before Proposition 301 took effect). Expendable State Treasurer earnings are derived from the investment of approximately

\$2 billion in proceeds from past land trust sales and are distributed based on a complex formula approved by voters in November 2000. Expendable State Land Department earnings are generated from land leases and from interest on recent installment sales of state trust lands. (*See the “Endowment Earnings” narrative under Basic State Aid in the Non-Formula Cost Center for more information.*)

For FY 2008, a total of \$510,777,600 is projected to be available for distribution from the Classroom Site Fund (*see Table 1*). This would provide an estimated \$401 per “Group A weighted” ADM pupil under the formula prescribed in A.R.S. § 15-977(B)(2).

The allocations shown in *Table 1* are estimates. Actual allocations will depend on sales tax collections for FY 2008.

Table 1

PROPOSITION 301 MONIES			
	<u>FY 2006</u>	<u>FY 2007*</u>	<u>FY 2008*</u>
<u>Revenues</u>			
Estimated 0.6 cent Sales Tax Revenue	\$621,779,800	\$672,144,000	\$ 697,685,500
<u>Expenditures</u>			
Students FIRST Debt Service	65,805,000	64,218,100	64,238,200
Universities	66,717,000	72,951,100	76,013,700
Community Colleges	16,679,200	18,237,800	19,003,400
Tribal Assistance	544,000	558,100	570,000
Additional School Days	86,280,500	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	7,000,000	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	344,254,100	388,398,400	410,079,700
Available for Site Fund: Land Trust	17,834,600	51,792,400	100,697,900
Prior Year Carryforward	<u>17,771,600</u>	<u>0</u>	<u>0</u>
Total Available for Classroom Site Fund	\$379,860,300	\$440,190,800	\$510,777,600
* Estimated			