

Department of Education
Non-Formula Programs

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DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	107.4	144.4	147.4
Personal Services	540,800	637,300	637,300
Employee Related Expenditures	127,200	194,700	195,100
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	1,335,100
SPECIAL LINE ITEMS			
School Accountability and Improvement			
Achievement Testing	4,810,900	10,240,500	10,240,500
AIMS Intervention and 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	4,468,900
Chemical Abuse	790,500	819,900	819,900
English Learner Programs	4,375,200	14,964,500	14,964,500
Extended School Year	500,000	500,000	500,000
Family Literacy	1,005,600	1,009,100	1,009,100
Full-Day Kindergarten	38,050,000	0	0
Gifted Support	1,362,900	3,380,100	3,380,100
School Safety Program	6,711,900	6,722,700	6,722,700
Small Pass-Through Programs	581,600	581,600	581,600
State Block Grant - Early Childhood Education	19,429,100	19,446,300	19,446,300
State Block Grant - Vocational Education	11,284,000	11,400,500	11,400,500
Vocational Education Extended Year	356,100	600,000	600,000
E-Learning Digital Institute	0	3,000,000	0
Physical Education Pilot Program	0	600,000	0
Disabled Pupil Scholarships	0	2,500,000	2,500,000
Displaced Pupils Choice Grant Program	0	2,500,000	2,500,000
Professional Development			
Teacher Certification	1,429,700	1,551,000	1,746,600
Parental Choice for Reading Success	965,100	1,000,000	1,000,000
Optional Performance Incentive Programs	0	120,000	120,000
Teacher Training	0	1,000,000	1,000,000
Alternative Teacher Development Program	0	2,000,000	0
PROGRAM TOTAL	105,945,000	99,989,200	94,584,900
FUND SOURCES			
General Fund	100,554,500	91,226,300	85,626,300
<u>Other Appropriated Funds</u>			
Proposition 301 Fund	3,755,400	7,000,000	7,000,000
Teacher Certification Fund	1,635,100	1,762,900	1,958,600
SUBTOTAL - Other Appropriated Funds	5,390,500	8,762,900	8,958,600
SUBTOTAL - Appropriated Funds	105,945,000	99,989,200	94,584,900
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	941,292,000

CHANGE IN FUNDING SUMMARY

	FY 2007 to FY 2008 JLBC	
	\$ Change	% Change
General Fund	(5,600,000)	(6.1%)
Other Appropriated Funds	195,700	2.2%
Total Appropriated Funds	(5,404,300)	(5.4%)
Non Appropriated Funds	0	0.0%
Total - All Sources	(5,404,300)	(0.6%)

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 JLBC
• % 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
• % 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

PERFORMANCE MEASURES (Continued)	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
• % 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 12 th Grade data include only high school Seniors who took AIMS tests during their Senior year and therefore exclude 12 th Grade pupils who passed AIMS during their Sophomore or Junior years (unless they retook AIMS voluntarily during 12 th Grade in order to improve their scores) and pupils who dropped out of school prior to 12 th 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

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$1,335,100 and 13.5 FTE Positions for the operating budget in FY 2008. This amount consists of:

	FY 2008
General Fund	\$1,123,100
Teacher Certification Fund	212,000

These amounts would fund the following adjustment:

Standard Changes	OF	100
The JLBC includes an increase of \$100 from the Teacher Certification Fund in FY 2008 for standard changes.		

Special Line Items

School Accountability and Improvement

Achievement Testing

The JLBC includes \$10,240,500 and 3 FTE Positions for Achievement Testing in FY 2008. This amount consists of:

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

These amounts are unchanged from FY 2007.

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, providing an estimated \$5,487,000 in program funding for FY 2007.) 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 4 Grades designated by the State Board of Education (currently Grades 3 through 8, Grade 10, and high school retakes).

The included \$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 included \$2,340,300 amount for achievement testing, plus the included \$4,659,700 Proposition 301 Fund amount 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 JLBC includes \$5,550,000 from the General Fund for AIMS Intervention and 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 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 JLBC includes \$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 to 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 JLBC includes \$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 2008. This amount is unchanged from FY 2007. 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 is allocated to 31 school districts, community colleges and local entities such as the “Gila Literacy Program.”

Chemical Abuse

The JLBC includes \$819,900 and 3 FTE Positions from the General Fund for the Chemical Abuse Prevention Program in FY 2008. This amount is unchanged from FY 2007. 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.

English Learner Programs

The JLBC includes \$14,964,500 and 24.5 FTE Positions from the General Fund for English Learner Programs in FY 2008. This amount is unchanged from FY 2007.

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 \$10,000,000 for compensatory instruction and \$4,610,000 for English language acquisition services provided by the department. Chapter 4 permitted 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 appropriated \$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. 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.

Extended School Year

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

Family Literacy

The JLBC includes \$1,009,100 and 1 FTE Position from the General Fund for Family Literacy in FY 2008. This amount is unchanged from FY 2007. 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 JLBC includes 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.*)

Gifted Support

The JLBC includes \$3,380,100 and 2.7 FTE Positions from the General Fund for Gifted Support in FY 2008. This amount is unchanged from FY 2007. It therefore continues \$2,000,000 in new funding that was appropriated for the program by Laws 2006, Chapter 336 in order to increase formula funding for the program. Under Chapter 336, the funding formula for the program in A.R.S. § 15-779.03 provides \$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 JLBC includes \$6,722,700 and 3 FTE Positions from the General Fund for the School Safety Program in FY 2008. This amount is unchanged from FY 2007.

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 JLBC includes \$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 JLBC includes \$19,446,300 and 4.7 FTE Positions from the General Fund for the State Block Grant for Early Childhood Education in FY 2008. This amount is unchanged from FY 2007. 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 JLBC includes \$11,400,500 and 32 FTE Positions from the General Fund for the State Block Grant for

Vocational Education in FY 2008. This amount is unchanged from FY 2007. 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 JLBC includes \$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.

E-Learning Digital Institute

The JLBC includes no new funding for the E-Learning Digital Institute for FY 2008. This amount would fund the following adjustment:

One-Time Funding for

E-Learning Digital Institute GF (3,000,000)

The JLBC includes a decrease of \$(3,000,000) from the General Fund in FY 2008 to reflect one-time funding for the E-Learning Digital Institute. Laws 2006, Chapter 375 appropriated \$3,000,000 from the General Fund in FY 2007 to fund an E-learning pilot program. The legislation 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 pilot program will focus on mathematics instruction provided through a digital curriculum. The \$3,000,000 appropriation in the bill was non-lapsing with no specified ending date. As program sites will not begin operation until FY 2008, most of the \$3,000,000 appropriation for the program will remain available for use that year.

Physical Education Pilot Program

The JLBC includes no new funding for the Physical Education Pilot Program SLI for FY 2008. This amount would fund the following adjustment:

One-Time Funding for Physical

Education Pilot Program GF (600,000)

The JLBC includes a decrease of \$(600,000) from the General Fund in FY 2008 to reflect one-time funding for the Physical Education Pilot 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. The legislation 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 \$600,000 appropriation in Chapter 326 is non-lapsing through June 30, 2008.

The department has established a deadline of January 31, 2007 for schools to apply for the program and it plans to award program grants in early March 2007. The department indicates that the pilot study will take place during the 2007-2008 school year. Most of the \$600,000 appropriation for the program therefore is expected to be spent during FY 2008.

Disabled Pupil Scholarships

The JLBC includes \$2,500,000 from the General Fund for the Disabled Pupils Scholarships program for 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 and was 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 Chapter 340. That funding is non-lapsing through June 30, 2008.

Displaced Pupils Choice Grant Program

The JLBC includes \$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 and was 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. That funding is non-lapsing through June 30, 2008.

Professional Development

Teacher Certification

The JLBC includes \$1,746,600 and 25 FTE Positions from the Teacher Certification Fund for Teacher Certification in FY 2008. These amounts would fund the following adjustments:

Standard Changes	OF	500
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The JLBC includes an increase of \$500 from the Teacher Certification Fund in FY 2008 for standard changes.

Caseload Growth and Service Enhancements	OF	195,100
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The JLBC includes an increase of \$195,100 and 3 FTE Positions from the Teacher Certification Fund in FY 2008 for caseload growth and service enhancements. Program workload continues to increase 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 placed 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 JLBC includes \$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.

Optional Performance Incentive Programs

The JLBC includes \$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 JLBC includes \$1,000,000 from the General Fund for the Teacher Training program in FY 2008. This amount is unchanged from FY 2007.

The program funds teacher mentor training. It received \$1,000,000 in first-time funding for FY 2007 from Laws 2006, Chapter 350, which requires the State Board of Education to distribute the FY 2007 funding to the Arizona K-12 Center to provide teacher mentor training prescribed by the Board. The Arizona K-12 Center is affiliated with Northern Arizona University and is located in downtown Phoenix.

Alternative Teacher Development Program

The JLBC includes no funding for the Alternative Teacher Development Program in FY 2008. This amount would fund the following adjustment:

**One-Time Funding for Alternative
Teacher Development
Program**

GF (2,000,000)

The JLBC includes a decrease of \$(2,000,000) from the General Fund in FY 2008 to reflect one-time funding for the Alternative Teacher Development Program for FY 2008. Laws 2006, Chapter 359 appropriated \$2,000,000 from the General Fund in FY 2007 to establish an alternative teacher development program pursuant to A.R.S. § 15-552, as established by the bill. 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. Data on the amount of matching monies raised by the service provider for FY 2007 are not yet available, so it is unknown whether the entire \$2,000,000 state appropriation for FY 2007 will be spent. (The contract for FY 2007 will not be awarded until January 2007 and reporting requirements for the program do not take effect until December 2007.) If state matching monies are not available for the program in FY 2008, it will have to be funded that year with self-generated monies only.

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FORMAT — Operating Lump Sum with Special Line Items by Program

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 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.

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.

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.

Deleted Footnotes

The JLBC deletes 2 footnotes regarding the intended use of Adult Education appropriations, as related statutes already provide sufficient guidance on this topic.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
