Department of Education

Summary

JLBC: Steve Schimpp/Jack Brown
OSPB:

DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
PROGRAM BUDGET			
Administration	6,661,600	6,469,600	6,469,600
Formula Programs	3,900,209,800	4,051,950,500	4,409,800,500
Non-Formula Programs	92,838,100	134,001,400	134,001,400
State Board of Education	617,800	3,573,000	3,573,000
AGENCY TOTAL	**4,000,327,300**	**4,195,994,500**	**4,553,844,500**
OPERATING BUDGET			
Full Time Equivalent Positions	258.9	260.9	260.9
Personal Services	6,128,600	6,693,700	6,693,700
Employee Related Expenditures	1,801,600	2,019,200	2,019,200
Professional and Outside Services	765,500	527,900	527,900
Travel - In State	17,800	44,900	44,900
Travel - Out of State	2,600	700	700
Other Operating Expenditures	1,937,100	1,668,900	1,668,900
Equipment	365,700	0	0
OPERATING SUBTOTAL	11,018,900	10,955,300	10,955,300
Special Line Items (SLI)	3,989,308,400	4,185,039,200	4,542,889,200
AGENCY TOTAL	**4,000,327,300**	**4,195,994,500**	**4,553,844,500**
FUND SOURCES			
General Fund	3,946,157,500	4,141,201,000	4,497,796,200
Other Appropriated Funds			
Permanent State School Fund	45,220,700	45,220,700	46,475,500
Proposition 301 Fund	6,625,400	7,000,000	7,000,000
Teacher Certification Fund	2,323,700	2,572,800	2,572,800
SUBTOTAL - Other Appropriated Funds	54,169,800	54,793,500	56,048,300
SUBTOTAL - Appropriated Funds	**4,000,327,300**	**4,195,994,500**	**4,553,844,500**
Other Non-Appropriated Funds	646,930,000	623,369,700	599,360,300
Federal Funds	899,634,700	1,171,850,500	1,171,850,500
TOTAL - ALL SOURCES	5,546,892,000	5,991,214,700	6,325,055,300

CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	$ Change	% Change
General Fund	356,595,200	8.6%
Other Appropriated Funds	1,254,800	2.3%
Total Appropriated Funds	357,850,000	8.5%
Non-Appropriated Funds	(24,009,400)	(1.3%)
Total - All Sources	333,840,600	5.6%

AGENCY DESCRIPTION — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2010 it is anticipated that the department will oversee 240 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.

Basic State Aid			
Enrollment Growth @ 1.6%		GF	$94,416,600
Net Assessed Value Growth @ 11%		GF	(186,691,100)
"Truth in Taxation"		GF	134,669,700
2% Inflator (Prop 301)		GF	8,212,100
Base Adjustment – ADM		GF	(33,180,700)
Rollover – FY 09 deferred payment		GF	330,886,200
Endowment Earnings	OF $1,254,800	GF	(1,254,800)
SUBTOTAL	**OF $1,254,800**	**GF**	**$347,058,000**

Additional State Aid ("Homeowner's Rebate")			
NAV Growth & Business Prop Tax		GF	$23,837,200
Excess Utilities		GF	(14,300,000)
SUBTOTAL		**GF**	**$9,537,200**
TOTAL	**OF $1,254,800**	**GF**	**$356,595,200**

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FORMAT — Varies by Program

FOOTNOTES

Standard Footnotes

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.

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.

Deletion of Prior Year Footnotes

The JLBC would delete the footnote regarding the department's agencywide lump sum reduction for FY 2009, as that footnote was one-time in nature.

SUMMARY OF FUNDS	**FY 2008 Actual**	**FY 2009 Estimate**
Academic Contest Fund (EDA1006/A.R.S. § 15-1241)		**Non-Appropriated**
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To pay for sending state level winners of academic contests and their chaperons to national contests. Expenditures are not displayed to avoid double counting General Fund.		
Funds Expended	0	0
Year-End Fund Balance	10,700	10,700
American Competitiveness Project Fund (EDA2361/A.R.S. § 15-245)		**Non-Appropriated**
Source of Revenue: Donations, grants, gifts, contributions and devises from individuals, corporations and nonprofit organizations.		
Purpose of Fund: To fund technical assistance and distribute grants to schools and other local educational agencies that offer academic programs that emphasize foreign language acquisition, international business and world history.		
Funds Expended	0	12,100
Year-End Fund Balance	15,000	17,900
Assistance for Education Fund (EDA2420/A.R.S. § 15-973.01)		**Non-Appropriated**
Source of Revenue: State income tax refunds that are donated to the fund via a check-off box on state income tax forms pursuant to A.R.S. § 43-617.		
Purpose of Fund: To provide additional funding support for public schools.		
Funds Expended	0	300,600
Year-End Fund Balance	300,600	110,000

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate

Character Education Special Plate Fund (EDA2522/A.R.S. § 15-719) **Non-Appropriated**

Source of Revenue: $17 of the $25 fee for Character Education license plates.

Purpose of Fund: To fund character education programs in schools.

Funds Expended	0	0
Year-End Fund Balance	47,400	97,400

Charter Schools Stimulus (EDA1007/A.R.S. § 15-188) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the State General Fund.

Purpose of Fund: To encourage the establishment of charter schools by assisting with charter school start-up costs.

Funds Expended	0	0
Year-End Fund Balance	0	0

Classroom Site Fund (EDA2471/A.R.S. § 15-977) **Non-Appropriated**

Source of Revenue: Monies transferred into the fund from the Proposition 301 sales tax and from growth in the Permanent State School Fund expendable earnings above the FY 2001 level, as authorized by Proposition 301.

Purpose of Fund: To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention and teacher liability insurance premiums (40%).

Funds Expended	494,059,300	462,722,500
Year-End Fund Balance	56,052,400	31,052,400

Displaced Pupils Choice Grant Fund (EDA2533/A.R.S. § 15-817.06) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the state General Fund.

Purpose of Fund: To provide qualifying displaced pupils with grants to be applied toward tuition and fees charged by nongovernmental schools. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended	0	0
Year-End Fund Balance	0	0

Early Graduation Scholarship Fund (EDA2364/A.R.S. § 15-105L) **Non-Appropriated**

Source of Revenue: Monies deposited into the fund by the Arizona Department of Education pursuant to A.R.S. § 15-105F & J.

Purpose of Fund: To provide postsecondary education scholarships to individuals who graduated at least 1 semester early from a public high school. *(See Fund PEA 2364 in the Summary of Funds for the Commission for Postsecondary Education for more information.)*

Funds Expended	0	0
Year-End Fund Balance	0	0

E-Learning Fund (EDA2527/A.R.S. § 15-1044) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the state General Fund.

Purpose of Fund: To fund the e-learning pilot program established by Laws 2006, Chapter 375. Expenditures are not displayed to avoid double counting of General Fund. (Laws 2008, Chapter 287 repealed the $3 million appropriation for this program and reverted any unexpended monies, which equaled $2,997,200.)

Funds Expended	0	0
Year-End Fund Balance	0	0

Education Commodity Fund (EDA4210/A.R.S. § 15-1152) **Non-Appropriated**

Source of Revenue: Fees from school districts participating in the federal Food Commodities Program.

Purpose of Fund: To pay for costs of administering the federal Food Commodities Program.

Funds Expended	135,600	101,600
Year-End Fund Balance	56,300	114,700

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate

Education Donations Fund (EDA2025/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Grants received by the department from foundations or other private sector donors.
Purpose of Fund: To help pay for conferences, programs or other activities that are sponsored by donor organizations.

Funds Expended	1,097,700	52,800
Year-End Fund Balance	584,200	1,331,400

English Learner Classroom Personnel Bonus (EDA2485/A.R.S. § 15-943.04) **Non-Appropriated**

Source of Revenue: General Fund appropriation from Laws 2001, Chapter 9, 2nd Special Session.
Purpose of Fund: To provide bonuses to classroom personnel based on the number of English Learners who become proficient in English. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended	0	0
Year-End Fund Balance	156,900	0

Extraordinary Special Education Needs (EDA2483/A.R.S. § 15-774) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the state General Fund.
Purpose of Fund: To provide grants for extraordinary special education costs.

Funds Expended	0	0
Year-End Fund Balance	0	0

Failing Schools Tutoring Fund (EDA2470/A.R.S. § 15-241) **Non-Appropriated**

Source of Revenue: Monies automatically appropriated by Proposition 301 for student tutoring pursuant to A.R.S. § 42-5029E8.
Purpose of Fund: To fund tutoring for students who have not yet passed portions of the high school AIMS test or who attend "failing" schools, pursuant to A.R.S. § 15-241R, and to purchase materials designed to help students meet the Arizona Academic Standards and pass the AIMS test, pursuant to A.R.S. § 15-241CC.

Funds Expended	3,329,400	1,892,000
Year-End Fund Balance	396,500	4,500

Federal Funds (EDA2000/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Federal grants for programs such as Title I, Child Nutrition Assistance, Special Education and Vocational Education.
Purpose of Fund: To be expended as stipulated by federal statutes that authorize the federal grants.

Funds Expended	899,634,700	1,171,850,500
Year-End Fund Balance*	9,843,600	(255,625,200)

Full-Day Kindergarten Fund (EDA2507/Laws 2004, Chapter 278) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the state General Fund.
Purpose of Fund: To provide eligible schools with funding for full-day kindergarten. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended:	0	0
Year-End Fund Balance	0	0

Golden Rule Special Plate Fund (EDA2513/A.R.S. § 15-243) **Non-Appropriated**

Source of Revenue: $17 of the $25 fee for Golden Rule license plates.
Purpose of Fund: To fund programs that demonstrate the promotion of the golden rule in schools and communities.

Funds Expended	28,100	0
Year-End Fund Balance	32,600	92,600

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate

Arizona Government Education Fund (EDA2362/A.R.S. § 15-246) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the General Fund, gifts, grants and donations.

Purpose of Fund: To contract with third parties to provide for annual, one-week high school civics courses that focus on state government. General Fund expenditures are not displayed to avoid double counting. No gifts, grants or donations have been reported for the fund.

Funds Expended	0	0
Year-End Fund Balance	0	100,000

IGA and ISA Fund (EDA2500/A.R.S. § 35-142E) **Non-Appropriated**

Source of Revenue: Monies transferred into the fund from Federal Funds (EDA2000) and the Internal Services Fund (EDA4209).

Purpose of Fund: Clearing account for monies expended under Intergovernmental Agreements (IGA's) and Intergovernmental Service Agreements (ISA's).

Funds Expended	2,592,100	2,139,600
Year-End Fund Balance	2,150,800	3,142,400

Indirect Cost Recovery Fund (EDA9000/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Federal grants for programs such as Title I, Child Nutrition Assistance, Special Education and Vocational Education.

Purpose of Fund: To fund overhead and other indirect costs associated with state level administration of federal programs.

Funds Expended	4,666,100	4,991,600
Year-End Fund Balance	1,138,300	948,500

Instructional Improvement Fund (EDA2492/A.R.S. § 15-979) **Non-Appropriated**

Source of Revenue: Shared revenue from Indian gaming, as authorized by Proposition 202 from the 2002 General Election. The Instructional Improvement Fund receives 56% of total shared revenue from Proposition 202. This is distributed among school districts, charter schools and ASDB based on student counts.

Purpose of Fund: To provide for classroom size reduction, teacher salary increases, dropout prevention, and instructional improvement.

Funds Expended	48,851,600	48,478,800
Year-End Fund Balance*	(20,800)	2,152,700

Internal Services Fund (EDA4209/A.R.S. § 35-142) **Non-Appropriated**

Source of Revenue: Federal indirect cost monies and intra-office fees for copier services, MIS maintenance, postage and other miscellaneous expenditures.

Purpose of Fund: Clearing fund for federal indirect costs and miscellaneous intra-office revenues and expenditures.

Funds Expended	3,661,300	6,224,700
Year-End Fund Balance	2,683,700	120,700

Mathematics or Science Achievement Program Fund (EDA2363/A.R.S. § 15-720.01) **Non-Appropriated**

Source of Revenue: Monies appropriated from the General Fund.

Purpose of Fund: To promote improved pupil achievement in math or science by providing supplemental funding for innovative math or science programs. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate

Permanent State School Fund (EDA3138/A.R.S. § 37-521) **Partially-Appropriated**

Source of Revenue: Monies received from the sale or lease of state school trust lands and interest earnings on principal balances in the fund. Under A.R.S. § 37-521, expendable earnings in the fund, up to the amount generated in FY 2001 ($72,263,000), are automatically appropriated first to pay for debt service on State School Facilities Revenue Bonds, Qualified Zone Academy Bonds or State School Trust Revenue Bonds. Any remaining monies from the $72,263,000 baseline total are then subject to appropriation to the Department of Education (ADE) to help fund Basic State Aid pursuant to A.R.S. § 15-971H. Expendable earnings beyond the $72,263,000 baseline total from FY 2001 are automatically deposited into the Classroom Site Fund, as required by A.R.S. § 37-521B4.

In the display below, the "Funds Expended" total equals the amount used for Basic State Aid. Not included are monies automatically appropriated into the Classroom Site Fund pursuant to A.R.S. § 37-521B4. *(See "State Land Trust Bond Debt Service Fund" and "School Improvement Revenue Bond Debt Service Fund" in the Summary of Funds for the School Facilities Board budget for information on other uses of expendable monies from this fund.)*

Purpose of Fund: To support common schools.

Funds Expended	45,220,700	45,220,700
Year-End Fund Balance	2,371,700	2,371,700

Production Revolving Fund (EDA4211/A.R.S. § 15-237) **Non-Appropriated**

Source of Revenue: Print shop collections from in-house and interagency publishing.

Purpose of Fund: Revolving fund for revenues and expenditures from the agency print shop.

Funds Expended	1,094,300	2,184,100
Year-End Fund Balance*	753,000	(314,800)

Proposition 301 Fund (EDA1014/A.R.S. § 42-5029.E7) **Partially-Appropriated**
(EDA 1004, 1015, 1016 & 1017/ A.R.S. § 42-5029.E5 & E6)

Source of Revenue: Sales tax revenue from Proposition 301 from the November 2000 General Election. The appropriated portion of the fund receives "up to $7 million" monies appropriated by the Legislature pursuant to A.R.S. § 42-5029E7. The non-appropriated portion receives monies automatically appropriated by Proposition 301 for additional school days, School Safety and Character Education, plus any unspent "up to $7 million" monies from the prior year.

Purpose of Fund: Appropriated monies pay for school accountability functions required by Proposition 301. Non-Appropriated monies pay for additional school days, School Safety and Character Education.

Appropriated Funds Expended	7,626,200	7,000,000
Non-Appropriated Funds Expended	87,414,500	94,269,300
Year-End Fund Balance	14,468,700	14,479,900

Research Based Reading Instruction and Reading Instruction Training **Non-Appropriated**
(EDA2413/Laws 2002, Chapter 295)

Source of Revenue: Legislative appropriations from the state General Fund.

Purpose of Fund: Pays for teacher training in methods of reading instruction, pursuant to A.R.S. § 15-704. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended	0	0
Year-End Fund Balance	3,000	3,000

Arizona Scholarships for Pupils with Disabilities Program Fund **Non-Appropriated**
(EDA2534/A.R.S. § 15-891.04)

Source of Revenue: Legislative appropriations from the state General Fund.

Purpose of Fund: To provide disabled pupils with scholarships to attend the public or non-public school of their choice. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate

School Improvement Revenue Bond Debt Service Fund (SFA5020/A.R.S. § 15-2084) **Appropriated**

Source of Revenue: Revenues from 0.6% increase in the state Transaction Privilege Tax, as approved under Proposition 301 in the 2000 General Election.

Purpose of Fund: To pay the debt service on $832,865,000 in Proposition 301 revenue bonds and $20,000,000 in Qualified Zone Academy Bond (QZAB) revenue bonds *(see School Facilities Board budget pages)*. For FY 2007, the fund also provided $1,865,400 to Hayden-Winkelman Unified to repay existing bonds (the district is required to repay that amount with interest over a 3-year period starting in FY 2008).

Funds Expended	0	0
Year-End Fund Balance	0	0

Special Education Fund (EDA1009/A.R.S. § 15-1182) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the General Fund.

Purpose of Fund: To provide voucher funding for students attending the Arizona State Schools for the Deaf and the Blind pursuant to A.R.S. § 15-1182 or who are placed in a private special education facility pursuant to A.R.S. § 15-1202. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended	0	0
Year-End Fund Balance*	0	(1,831,300)

Statewide Compensatory Instruction Fund (EDA2528/A.R.S. § 15-756.11) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the State General Fund.

Purpose of Fund: To supplement existing instruction for English Language Learners. Supplemental instruction may include individual or small group instruction, extended day classes, summer school or intersession school. Expenditures are not displayed to avoid double counting of General Fund.

Funds Expended	0	0
Year-End Fund Balance	4,360,200	4,365,200

Arizona Structured English Immersion Fund (EDA2535/A.R.S. § 15-756.04) **Non-Appropriated**

Source of Revenue: Legislative appropriations from the state General Fund.

Purpose of Fund: To fund additional instructional costs of English Language Learners. Expenditures are not displayed to avoid double counting General Fund.

Funds Expended	0	0
Year-End Fund Balance	0	0

Teacher Certification Fund (EDA1003/A.R.S. § 15-531) **Appropriated**

Source of Revenue: Fees collected by the State Board of Education from teachers and other school personnel who apply for professional certification.

Purpose of Fund: To provide monies for operation of the department's Teacher Certification program. The fund technically is a sub-account of the state General Fund, rather than a statutorily-created separate fund.

Funds Expended	2,323,700	2,572,800
Year-End Fund Balance	608,200	1,053,200

Arizona Youth Farm Loan Fund (EDA2136/A.R.S. § 15-1172) **Non-Appropriated**

Source of Revenue: The investment of trust funds held by the United States as trustee for the Arizona Rural Rehabilitation Corporation.

Purpose of Fund: To furnish financial assistance to deserving young persons, under 25 years of age, who are students or former students of vocational education or to young farmers in organized vocational agriculture classes who are interested in becoming established in farming. The financial assistance is provided as guaranteed loans for those who cannot obtain financing elsewhere.

Funds Expended	0	0
Year-End Fund Balance	418,700	438,700

* As reported by the agency. Actual ending balance will not be negative.