

Department of Education

Summary

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	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
PROGRAM BUDGET			
Administration	6,135,300	6,055,600	6,055,600
Formula Programs	3,574,409,500	3,502,415,400	3,871,306,900
Non-Formula Programs	122,512,100	85,111,300	85,111,300
State Board of Education	1,328,400	971,100	971,100
5th Special Session Reduction	0	(4,803,900)	(4,803,900)
AGENCY TOTAL	3,704,385,300	3,589,749,500	3,958,641,000

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	260.9	237.9	232.9
Personal Services	5,236,600	5,350,900	5,350,900
Employee Related Expenditures	1,609,500	1,736,800	1,736,800
Professional and Outside Services	738,400	457,500	457,500
Travel - In State	28,100	42,200	42,200
Travel - Out of State	5,300	0	0
Other Operating Expenditures	2,452,600	2,071,300	2,071,300
Equipment	39,300	0	0
OPERATING SUBTOTAL	10,109,800	9,658,700	9,658,700
Special Line Items (SLI)	3,694,275,500	3,580,090,800	3,948,982,300
AGENCY TOTAL	3,704,385,300	3,589,749,500	3,958,641,000

FUND SOURCES

General Fund	3,650,934,300	3,533,990,400	3,902,881,900
<u>Other Appropriated Funds</u>			
Permanent State School Fund	45,220,700	46,475,500	46,475,500
Proposition 301 Fund	5,736,200	7,000,000	7,000,000
Teacher Certification Fund	2,494,100	2,283,600	2,283,600
SUBTOTAL - Other Appropriated Funds	53,451,000	55,759,100	55,759,100
SUBTOTAL - Appropriated Funds	3,704,385,300	3,589,749,500	3,958,641,000
<u>Other Non-Appropriated Funds</u>			
Federal Funds	513,800,900	420,421,200	442,380,000
	960,293,200	1,449,479,500	977,365,500
TOTAL - ALL SOURCES	5,178,479,400	5,459,650,200	5,378,386,500

CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
General Fund	368,891,500	10.4%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	368,891,500	10.3%
Non-Appropriated Funds	(450,155,200)	(24.1)%
Total - All Sources	(81,263,700)	(1.5)%

AGENCY DESCRIPTION — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2011 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 @ 0.9%	GF	\$52,000,000
Net Assessed Value Growth @ (3.0)%	GF	57,077,800
“Truth in Taxation”	GF	(81,212,500)
1.2% Inflation (Prop 301)	GF	5,385,900
No Early Kindergarten Repeaters	GF	(6,200,000)
Base Adjustment - Cash Balances	GF	(116,109,300)
Base Adjustment - ARRA	GF	<u>472,114,000</u>
SUBTOTAL	GF	\$383,055,900

Additional State Aid

(“Homeowner’s Rebate”)

NAV Growth & Business Prop Tax	GF	<u>(14,164,400)</u>
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TOTAL **GF** **\$368,891,500**

5th Special Session Reduction

The Baseline includes \$(4,803,900) in FY 2011 to continue the 5th Special Session FY 2010 Lump Sum Reduction. This amount consists of:

General Fund	(4,618,700)
Teacher Certification Fund	(185,200)

This lump sum reduction would be allocated to specific line items in the FY 2011 General Appropriation Act.

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FORMAT — Varies by Program

FOOTNOTES

Standard Footnotes

The department shall provide an updated report on its budget status every 2-3 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. *(The revised language would reduce the number of reports required for the first half of each fiscal year, when the department has less information to report.)*

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.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

5% FTE Position Reduction

The Department of Education was originally budgeted 175.9 General Fund FTE Positions in FY 2010. Laws 2009, 3rd Special Session, Chapter 11, Section 17 mandates a 5% General Fund FTE Position reduction by February 1, 2010. Given the mid-year implementation, this provision requires the Department of Education to reduce an additional 4 General Fund FTE Positions in FY 2010 and 9 General Fund FTE Positions in FY 2011. This reduction is allocated to the operating budget; the agency may allocate it to Special Line Items.

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 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	62,000	53,400
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	8,900	0
Year-End Fund Balance	3,200	3,200

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
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	99,800	99,500
Year-End Fund Balance	99,800	99,500
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	148,300	0
Year-End Fund Balance	12,000	62,000
Charter Schools Stimulus (EDA1007/A.R.S. § 15-188)		Non-Appropriated
Source of Revenue: Legislative appropriations from the State General Fund. The Legislature no longer provides funding for this program.		
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: A portion of the Proposition 301 sales tax, pursuant to A.R.S. § 42-5029E10, and Permanent State School Fund expendable earnings that exceed the FY 2001 level, pursuant to A.R.S. § 37-521B4.		
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	360,628,300	263,862,700
Year-End Fund Balance	50,349,300	50,349,300
Displaced Pupils Choice Grant Fund (EDA2533/A.R.S. § 15-817.06)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. Due to a court decision, the Legislature no longer provides funding for this program.		
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	1,760,100	600,200
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 year early from a public high school. <i>(See Fund PEA 2364 in the Summary of Funds for the Commission for Postsecondary Education for more information.)</i>		
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 2009, 1st Regular Session, Chapter 1, repealed the \$3,000,000 appropriation for this program and reverted any unexpended monies, which equaled \$2,997,200.)		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
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	100,800	234,900
Year-End Fund Balance	270,500	136,300
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	239,700	50,000
Year-End Fund Balance	432,900	432,900
English Learner Classroom Personnel Bonus (EDA2485/A.R.S. § 15-943.04)		Non-Appropriated
Source of Revenue: General Fund appropriation from Laws 2001, 2nd Special Session, Chapter 9.		
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	23,200	23,200
Extraordinary Special Education Needs (EDA2483/A.R.S. § 15-774)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
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: A portion of the 0.6% Proposition 301 sales tax, 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	643,700	1,500,000
Year-End Fund Balance	1,252,900	1,252,900
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. FY 2010 amount for "Funds Expended" also includes one-time monies from the State Fiscal Stabilization Fund authorized by the American Recovery and Reinvestment Act of 2009 (ARRA).		
Purpose of Fund: To be expended as stipulated by federal statutes that authorize the federal grants.		
Funds Expended	960,293,200	1,449,479,500
Year-End Fund Balance	13,319,100	25,561,900
Full-Day Kindergarten Fund (EDA2507/Laws 2004, Chapter 278)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
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

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
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	158,800	150,000
Year-End Fund Balance	13,600	13,600
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. The Legislature no longer provides funding for this program.		
Purpose of Fund: To contact 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	0
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	2,122,600	1,419,500
Year-End Fund Balance	838,000	818,400
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	4,976,000	4,399,900
Year-End Fund Balance	614,800	392,600
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	44,595,400	49,275,200
Year-End Fund Balance	11,214,000	11,214,000
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	5,498,500	3,956,000
Year-End Fund Balance*	515,300	(362,600)
Mathematics or Science Achievement Program Fund (EDA2363/A.R.S. § 15-720.01)		Non-Appropriated
Source of Revenue: Monies appropriated from the General Fund. The Legislature no longer provides funding for this program.		
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 2009 Actual	FY 2010 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	46,475,500
Year-End Fund Balance	2,371,700	1,116,900
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	986,100	1,173,000
Year-End Fund Balance	772,600	273,700
Proposition 301 Fund (EDA1014/A.R.S. § 42-5029.E7) (EDA 1004, 1015, 1016 & 1017/A.R.S. § 42-5029.E5 & E6)		Partially-Appropriated
Source of Revenue: A portion of the Proposition 301 sales tax pursuant to A.R.S. § 42-5029E5-7. 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	5,736,200	7,000,000
Non-Appropriated Funds Expended	93,594,000	94,280,500
Year-End Fund Balance	20,699,700	20,699,700
Research Based Reading Instruction and Reading Instruction Training (EDA2413/Laws 2002, Chapter 295)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
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	0	0
Arizona Scholarships for Pupils With Disabilities Program Fund (EDA2534/A.R.S. § 15-891.04)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. Due to a court decision, the Legislature no longer provides funding for this program.		
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 2009 Actual	FY 2010 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 (<i>see School Facilities Board budget pages</i>). 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 state 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	1,119,700	1,186,700
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	22,000	22,000
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	329,000	329,000
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	2,494,100	2,283,600
Year-End Fund Balance	912,100	1,137,800
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	20,000
Year-End Fund Balance	427,200	417,200

*As reported by the agency, adjusted for legislative fund transfers. Actual ending balance will not be negative.