

Department of Education

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	237.9	192.5	192.5
Personal Services	4,859,300	4,924,800	4,924,800
Employee Related Expenditures	2,132,200	2,066,000	2,066,000
Professional and Outside Services	289,900	326,400	326,400
Travel - In State	12,600	16,100	16,100
Travel - Out of State	1,100	0	0
Other Operating Expenditures	2,528,300	1,079,900	1,079,900
Equipment	46,800	0	0
OPERATING SUBTOTAL	9,870,200	8,413,200	8,413,200
SPECIAL LINE ITEMS			
Formula Programs			
Basic State Aid	2,853,052,800	3,045,375,700	3,259,391,900
Additional State Aid	231,187,600	419,264,000	355,422,500
Special Education Fund	35,242,100	35,242,100	33,242,100
Other State Aid to Districts	734,400	983,900	983,900
School Accountability and Improvement			
Achievement Testing	7,238,200	10,230,700	10,230,700
AIMS Intervention; Dropout Prevention	2,035,900	0	0
School Accountability	3,160,200	0	0
Education Services			
Adult Education and GED	1,698,700	0	0
Chemical Abuse	244,000	0	0
English Learner Administration	3,551,300	4,069,700	4,069,700
Compensatory Instruction Fund Deposit	3,973,600	0	0
Arizona Structured English Immersion Fund	8,791,400	8,791,400	8,791,400
Family Literacy	360,200	0	0
Gifted Support	726,800	0	0
School Safety Program	4,028,000	0	0
State Block Grant - Early Childhood Education	6,515,600	0	0
State Block Grant - Vocational Education	11,503,800	11,492,700	11,492,700
Vocational Education Extended Year	238,500	0	0
Teacher Certification	1,797,000	2,227,800	1,798,100
State Board of Education			
State Board of Education	893,200	908,400	908,400
AGENCY TOTAL	3,186,843,500	3,546,999,600	3,694,744,600
FUND SOURCES			
General Fund	3,162,536,900	3,491,223,400	3,638,968,400
<u>Other Appropriated Funds</u>			
Permanent State School Fund	16,269,400	46,475,500	46,475,500
Proposition 301 Fund	6,077,500	7,000,000	7,000,000
Teacher Certification Fund	1,959,700	2,300,700	2,300,700
SUBTOTAL - Other Appropriated Funds	24,306,600	55,776,200	55,776,200
SUBTOTAL - Appropriated Funds	3,186,843,500	3,546,999,600	3,694,744,600
Other Non-Appropriated Funds	438,683,100	437,215,100	437,215,100
Federal Funds	1,660,239,400	1,307,503,900	987,897,800
TOTAL - ALL SOURCES	5,285,766,000	5,291,718,600	5,119,857,500

AGENCY DESCRIPTION — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2012 it is anticipated that the department will oversee 238 school districts, accommodation districts and Joint Technological Education Districts and approximately 400 charter schools in their provision of public education from preschool through grade 12.

Operating Budget

The Baseline includes \$8,413,200 and 97 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$8,279,300
Teacher Certification Fund	133,900

These amounts are unchanged from FY 2011.

Formula Programs

Basic State Aid

The Baseline includes \$3,259,391,900 for Basic State Aid in FY 2012. This amount consists of:

General Fund	3,212,916,400
Permanent State School Fund	46,475,500

The \$3,259,391,900 total does not include \$86,280,500 in “additional school day” funding from Proposition 301 that will be allocated through Basic State Aid in FY 2012 because those monies are non-appropriated (see Table 1). It also excludes local property tax monies that will help fund K-12 formula costs for FY 2012, as they also are non-appropriated.

The \$3,259,391,900 appropriated total includes a net General Fund increase of \$200,177,200 and no change from the Permanent State School Fund for FY 2012. FY 2012 adjustments would be as follows:

Base Adjustment - ARRA GF 92,800,000

The Baseline includes an increase of \$92,800,000 from the General Fund in FY 2012 in order to restore a one-time funding reduction authorized for FY 2011 by Laws 2010, 7th Special Session, Chapter 1. Chapter 1 reduced General Fund funding for Basic State Aid by \$(92,800,000) on a one-time basis in FY 2011 due to the availability of State Fiscal Stabilization Fund (SFSF) monies from the American Recovery and Reinvestment Act of 2009 (ARRA).

Base Adjustment - ADM GF 50,000,000

The Baseline includes an increase of \$50,000,000 from the General Fund in FY 2012 in order to adjust the program’s base budget for prior year shortfalls that occurred due to higher than budgeted Average Daily Membership (ADM) growth and other technical factors.

Table 1

FY 2012 Basic State Aid Formula Summary

General Fund	
FY 2011 Appropriation	\$2,998,900,200
Base Adjustment – ARRA ^{1/}	92,800,000
Base Adjustment – Enrollment Growth & Misc ^{2/}	50,000,000
Enrollment Growth @ 1.9%	109,777,800
Net Assessed Value Decline @ (12.0)%	(42,397,000)
0.9% Inflator	<u>3,835,400</u>
FY 2012 Baseline	3,212,916,400
Permanent State School Fund (no change)	46,475,500
Prop 301 Sales Tax (no change) ^{3/}	86,280,500
Local Property Taxes ^{3/}	
FY 2011 Base	2,300,163,200
Net Assessed Value Decline @ (12.0)%	<u>42,397,000</u>
FY 2012 estimated ^{4/}	2,342,560,200
ARRA ^{1/ 3/}	<u>(92,800,000)</u>
Grand Total (all sources) ^{5/}	\$5,595,432,600

- ^{1/} To offset loss of one-time monies from the American Recovery and Reinvestment Act (ARRA)
- ^{2/} For prior year shortfall due to higher than budgeted enrollment growth and other technical factors.
- ^{3/} Not appropriated, so excluded from Baseline totals.
- ^{4/} An estimated \$355 million of this total will be funded by the state through the Homeowner’s Rebate.
- ^{5/} Statutory formula cost would be approximately \$175 million higher, as the Baseline continues a \$(165) million suspension of Soft Capital funding and \$(10) million reduction in charter school funding from FY 2011.

Enrollment Growth GF 109,777,800

The Baseline includes an increase of \$109,777,800 from the General Fund for enrollment growth in FY 2012. This assumes that total K-12 formula costs will increase by approximately 1.9% in FY 2012 due to 1.4% ADM growth for K-12 students as a whole (see Table 2) and 4.1% ADM growth for students in special education (see Table 3). Both types of growth affect formula costs, as special education students receive “add on” funding in addition to the formula monies that they receive for being part of the overall K-12 student population.

Table 2

K-12 ADM (unweighted)

	<u>Districts</u>	<u>Charters</u>	<u>Total</u>	<u>Change</u>	<u>% Change</u>
2008	951,117	93,668	1,044,785	20,384	2.0%
2009	944,337	99,018	1,043,355	(1,430)	(0.1)%
2010 est	939,664	108,665	1,048,329	4,974	0.5%
2011 est	937,114	120,962	1,058,076	9,747	0.9%
2012 est	942,011	130,955	1,072,966	14,890	1.4%

	<u>Districts</u>	<u>Charters</u>	<u>Total</u>	<u>Change</u>	<u>%</u>
2008	14,402	498	14,900	948	6.8%
2009	15,298	588	15,886	986	6.6%
2010 est	15,498	714	16,212	326	2.0%
2011 est	16,040	837	16,877	665	4.1%
2012 est	16,602	967	17,569	692	4.1%

Net Assessed Value Growth GF (42,397,000)

The Baseline includes a decrease of \$(42,397,000) from the General Fund due to a projected 2.3% increase in statewide Net Assessed Value (NAV) from new construction in FY 2012. This will increase local property tax revenues from the K-12 “Qualifying Tax Rate” (QTR) and State Equalization Tax Rate (SETR) by an estimated \$42,397,000 in FY 2012. It also will decrease state costs by \$(42,397,000), since QTR and SETR revenues offset state formula costs on a dollar for dollar basis.

Statewide NAV for property already on the tax rolls (“existing property”), however, is expected to decrease by (14.3)% in FY 2012, resulting in a net (12.0)% NAV decline for new construction and existing property combined for FY 2012. The projected (14.3)% NAV decline for existing property would not affect net QTR or SETR collections in FY 2012, however, because A.R.S. § 41-1276 (the “Truth in Taxation” or “TNT” law) requires the QTR and SETR to be adjusted each year in order to offset NAV changes for existing properties. As a result, the QTR would increase to \$3.45 (from \$2.96 currently) and the SETR would increase to \$0.42 (from \$0.36 currently) in FY 2012 under current projections in order to offset the estimated (14.3)% NAV decrease for existing property (see Table 4). NAV data that are needed in order to precisely compute the QTR and SETR rates under TNT for FY 2012, however, will not be available until mid-February 2012.

<u>Tax Rate</u>	<u>FY 2011</u>	<u>FY 2012</u>
Qualifying Tax Rate (QTR)		
• High School districts and elementary districts located within a high school district	\$1.4797	\$1.7268
• Unified districts and elementary districts not located within a high school district	\$2.9594	\$3.4536
• State Equalization Tax Rate (SETR)	\$0.3564	\$0.4159

0.9% Inflation Adjustment GF 3,835,400

The Baseline includes an increase of \$3,835,400 from the General Fund in FY 2012 for a 0.9% inflation increase in the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school “Additional Assistance” amounts prescribed in A.R.S. § 15-185B. It does not include a 0.9% increase in the “base level” prescribed in A.R.S. § 15-901B2, which remains in FY 2012 at the FY 2011 level of \$3,267.72. Funding a 0.9% increase in the base level would cost an additional \$39,895,400 for a total inflation adjustment of \$43,730,800.

A.R.S. § 901.01 (established by Proposition 301) requires the Legislature to increase the “base level or other components of the Revenue Control Limit” (RCL) by 2% or by the change in the GDP price deflator for the prior calendar year, whichever is less. The FY 2012 adjustment is estimated at 0.9%, since the calendar year 2010 GDP price deflator is currently projected to be 0.9%. A.R.S. § 15-901.01 prohibits the Legislature from setting a base level that is lower than the FY 2002 base level of \$2,687.32. Prior to FY 2011, the base level, transportation and charter additional assistance levels all were increased annually for inflation. In FY 2011, only the latter 2 items were increased for inflation, which resulted in a lawsuit that is currently in litigation.

Endowment Earnings GF 0 OF 0

The Baseline includes no change from the Permanent State School Fund for endowment earnings funding for Basic State Aid in FY 2012. This is due to no estimated change in \$25,787,500 of FY 2012 debt service costs for State School Trust Revenue Bonds and Qualified Zone Academy Bonds (QZABs) that were issued by the School Facilities Board (SFB) in prior years in order to fund deficiencies correction in public schools. This would leave the amount of land trust monies available to fund Basic State Aid in FY 2012 at \$46,475,500 (unchanged).

Endowment Earnings consist of interest on securities held in the Permanent State School Fund, receipts from leases of state lands and interest paid to the State Land Department by buyers of state trust land who purchase land on an installment basis. “Principal” on those purchases is not considered expendable and is instead deposited into the Permanent State School Fund for investment by the State Treasurer.

Rollover GF 0

The Baseline includes no change from the General Fund in FY 2012 for the K-12 rollover. This would continue to defer \$952,627,700 of current year (now FY 2012) state aid payments until the following fiscal year (now FY 2013) (see “Statutory Changes” section). As a result, the 12 monthly payments that school districts would receive in FY 2012 under the Baseline would again consist of 3 deferred payments from the prior year and 9 (rather than 12) payments from the current year. Laws 2010, 7th Special Session, Chapter 1 already advance appropriated \$952,627,700 from the General Fund in FY 2012 in order to fund the \$952,627,700 deferred obligation from FY 2011. Those monies therefore will not appear in the FY 2012 General Appropriation Act.

As a result of existing rollovers, the base budget for Basic State Aid going into FY 2012 will continued to include a total deferred obligation of \$952,627,700. That obligation will not be paid off until a 13th payment of \$272,627,700 (for the original FY 2008 rollover), 14th payment of \$330,000,000 (for the additional FY 2009 rollover) and 15th payment of \$350,000,000 (for the additional FY 2010

rollover) are provided in future years in addition to 12 “regular” payments made for the budget year.

Continuation of Prior Year Session Law

The FY 2012 Baseline would continue the following session law changes from FY 2011 (see “Statutory Changes” section for more information):

- Soft Capital – Continue a Soft Capital funding reduction of \$(165,120,700). This would leave school districts with an estimated \$48,038,000 in Soft Capital funding for FY 2012.
- Charter School Additional Assistance – Continue a charter school Additional Assistance funding reduction of \$(10,000,000).
- Other Adjustments – Continue FY 2011 statutory changes concerning Joint Technological Education Districts (JTEDs), Career Ladder, Early Graduation Scholarships and the Utility Cost formula, as described in the Statutory Changes section.

Additional State Aid

The Baseline includes \$355,422,500 from the General Fund for Additional State Aid (ASA) in FY 2012. FY 2012 adjustments would be as follows:

Net Assessed Value Growth GF 6,658,500

The Baseline includes an increase of \$6,658,500 from the General Fund in FY 2012 for changes in the Net Assessed Value (NAV) of taxable properties statewide for FY 2012. This assumes a (12.1)% NAV decline for Class III properties (owner occupied homes, both new and existing) and a 14.9% increase in the average QTR paid by homeowners.

Homeowner’s Rebate on QTR Only GF (70,500,000)

The Baseline includes a decrease of \$(70,500,000) from the General Fund for limiting the Homeowner’s Rebate to only the K-12 QTR starting in FY 2012. This change is required by Laws 2010, 7th Special Session, Chapter 8. Through FY 2011, school primary taxes for desegregation, the small school district budget exemption (A.R.S. § 15-949), the difference between a district’s Transportation Revenue Control Limit (TRCL) and its Transportation Support Level (TSL), and interest on registered warrants also are subsidized with Homeowner’s Rebate funding.

Background – Additional State Aid is authorized by A.R.S. § 15-972, which requires the state to pay 40% of each homeowner’s school district primary property taxes, up to a maximum of \$600 per parcel. The program also pays for any portion of a homeowner’s primary property taxes for all taxing jurisdictions combined (not just schools) that exceeds 1% of the full cash value of their home.

Special Education Fund

The Baseline includes \$33,242,100 and 1 FTE Position from the General Fund for the Special Education Fund Special Line Item in FY 2012. FY 2012 adjustments would be as follows:

Base Adjustment GF (2,000,000)

The Baseline includes a decrease of \$(2,000,000) from the General Fund as a base adjustment in order to eliminate surplus program funding in FY 2012. Program costs have decreased in recent years due to declines in special education voucher caseloads at the Arizona State School for the Deaf and the Blind (ASDB).

The Special Education Fund provides funding for special education costs of students from 1) Arizona State Schools for the Deaf and the Blind, 2) Arizona State Hospital (ASH), or 3) developmentally disabled programs operated by DES [A.R.S. § 15-1202]. It also funds costs of residential education for students who require a private residential special education placement, or who are placed in a residential education facility by a state placing agency.

Other State Aid to Districts

The Baseline includes \$983,900 from the General Fund for Other State Aid to Districts in FY 2012. This amount is unchanged from FY 2011.

This amount includes \$880,200 (unchanged) for Certificates of Educational Convenience pursuant to A.R.S. § 15-825 and \$103,700 (unchanged) for Assistance to School Districts for Children of State Employees (ASDCSE) pursuant to A.R.S. § 15-976.

School Accountability and Improvement

Achievement Testing

The Baseline includes \$10,230,700 and 3 FTE Positions for Achievement Testing in FY 2012. These amounts consist of:

General Fund	3,230,700
Proposition 301 Fund	7,000,000

These amounts are unchanged from FY 2011.

This Special Line Item funds costs of developing, administering and scoring achievement tests required by A.R.S. § 15-741. The Proposition 301 amount of \$7,000,000 for Achievement Testing is from the “up to \$7 million” allowable appropriation for School Accountability in A.R.S. § 42-5029(E7).

Table 5 shows current achievement testing costs by year under the current 5-year contract. The state typically funds

approximately 55% of annual testing costs and federal monies typically fund about 45% of those costs.

Fiscal Year	Contract Cost
FY 2010	\$11,833,200
FY 2011	13,487,600
FY 2012	15,001,000
FY 2013	13,652,300
FY 2014	<u>14,243,100</u>
Total	\$68,217,200

Education Services

English Learner Administration

The Baseline includes \$4,069,700 and 24.5 FTE Positions from the General Fund for English Learner Programs in FY 2012. These amounts are unchanged from FY 2011.

The program was originally authorized by Laws 2006, Chapter 4 in order to address the Flores v. State of Arizona litigation. The lawsuit was filed in federal court in 1992 by parents of children enrolled in the Nogales Unified School District. Litigation in the case has been ongoing. The timeline for final resolution in the case in district court is unknown at the time of this writing. (See the footnote section below and the FY 2011 Appropriations Report for more information.)

Arizona Structured English Immersion Fund

The Baseline includes \$8,791,400 from the General Fund for the Arizona Structured English Immersion Fund in FY 2012. This amount is unchanged from FY 2011.

The Arizona Structured English Immersion Fund was established by Laws 2006, Chapter 4 (A.R.S. § 15-756.04). Monies in the fund are distributed to school districts based on amounts that they request pursuant to A.R.S. § 15-756.04C.

State Block Grant for Vocational Education

The Baseline includes \$11,492,700 and 31 FTE Positions from the General Fund for the State Block Grant for Vocational Education in FY 2012. These amounts are unchanged from FY 2011.

The program provides block grants to school districts and charter schools that have Career and Technical Education (CTE) programs. CTE programs also currently receive approximately \$26,000,000 in federal funding annually pursuant to the Carl D. Perkins Vocational and Technical Education Act of 2006. Those monies are subject to a

federal “maintenance of effort” (MOE) provision that requires a state to continue to spend at least as much on CTE in a given fiscal year as it did in the prior fiscal year.

Teacher Certification

The Baseline includes \$1,798,100 and 27 FTE Positions from the Teacher Certification Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

Eliminate Temporary Loan GF (429,700)

The Baseline includes a decrease of \$(429,700) from the General Fund in FY 2012 to eliminate temporary start up funding that was loaned to the newly-created Teacher Certification Fund for FY 2011.

State Board of Education

State Board of Education

The Baseline includes \$908,400 and 9 FTE Positions for the operating budget in FY 2012. These amounts consist of:

General Fund	539,700
Teacher Certification Fund	368,700

These amounts are unchanged from FY 2011.

The 11-member State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The board members other than the Superintendent of Public Instruction are appointed by the Governor for 4-year terms.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The department shall provide an updated report on its budget status every 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 above appropriation provides basic state support to school districts for maintenance and operations funding as provided by A.R.S. § 15-973, and includes an estimated \$46,475,500 in expendable income derived from the Permanent State School Fund and from state trust lands pursuant to A.R.S. § 37-521B for FY 2012.

The portion of the above appropriation for basic state aid that is for charter school additional assistance pursuant to A.R.S. § 15-185B4 includes a \$10,000,000 reduction.

Receipts derived from the Permanent State School Fund and any other non-state General Fund revenue source that is dedicated to fund Basic State Aid will be expended, whenever possible, before expenditure of state General Fund monies.

Except as required by A.R.S. § 37-521, all monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, the income from the investment of permanent funds as prescribed by the Enabling Act and the Constitution of Arizona and all monies received by the Superintendent of Public Instruction from whatever source, except monies received pursuant to A.R.S. § 15-237 and 15-531, when paid into the State Treasury are appropriated for apportionment to the various counties in accordance with law. An expenditure shall not be made except as specifically authorized above.

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 appropriated amount [for English Learner Administration] 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 Title 15, Chapter 7, Article 3.1, Arizona Revised Statutes. 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.

The State Board of Education program may establish its own strategic plan separate from that of the Department of Education and based on its own separate mission, goals and performance measures.

The lump sum appropriation includes \$291,100 and 4 FTE Positions for average daily membership auditing and \$200,000 and 2 FTE Positions for information technology security services.

Within 15 days of each apportionment of state aid that occurs pursuant to A.R.S. § 15-973B, the department shall post on its website in electronic format the amount of state aid apportioned to each recipient and the underlying data. *(The Baseline modifies this footnote because the department now posts the desired data on its website, so separate reporting to the JLBC Staff and OSPB is no longer necessary.)*

Deletion of Prior Year Footnotes

The Baseline would eliminate the footnote that requires the department to deposit teacher certification fees into a Teacher Certification Fund, as this is now required by A.R.S. § 15-248.02.

STATUTORY CHANGES

The Baseline would:

- As permanent law, increase by 0.9% the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school “Additional Assistance” amounts prescribed in A.R.S. § 15-185B4.
- As permanent law, maintain at \$3,267.72 for FY 2012 the per pupil “base level” amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2011).
- As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2012 at a percentage that would freeze statewide JTED costs at the prior year level.
- As session law, continue to set the maximum base level increase for Career Ladder districts at 5.0% rather than 5.5% and limit the program only to teachers who participated in the prior year.
- As session law, continue to suspend new funding for the early graduation program, but continue to fund existing students with available fund balances.
- As session law, continue to suspend the “Actual Utilities Cost” funding formula in A.R.S. § 15-910.04 and related reporting requirements currently prescribed in A.R.S. § 15-910.03.
- As session law, continue to permit school districts to use Soft Capital funding for FY 2012 for any operating or capital expenditures.
- As session law, continue to suspend the annual AIMS Intervention and Dropout Prevention performance audit for FY 2012.
- As session law, continue to allow school districts and charter schools to charge tuition for full day Kindergarten (FDK) in FY 2012 if they decide not to provide free FDK in FY 2012.
- As session law, continue the \$(165,120,700) Soft Capital reduction required for FY 2011 by Laws 2010, 7th Special Session, Chapter 8. As session law, continue to exempt school districts with fewer than

- 600 K-8 pupils and districts with fewer than 600 high school pupils from 50% of the Soft Capital reductions that they otherwise would receive for FY 2012. As session law, continue to reduce Soft Capital funding to school districts that do not receive state aid for FY 2012 by the amount that would be reduced if they did qualify for state aid for FY 2012. As session law, continue to specify that to the extent possible, the Soft Capital reductions shall be taken against administrative costs, rather than classroom instruction.
- As session law, continue to reduce charter school Additional Assistance funding by an amount specified in the General Appropriation Act (\$10,000,000) for FY 2012 only below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4.

- As session law in the General Appropriation Act, continue to defer \$952,627,700 in Basic State Aid payments for FY 2012 until FY 2013. Appropriate \$952,627,700 in FY 2013 for these deferred Basic State Aid payments. Allow the State Board of Education to make the rollover payment no later than August 29, 2012.
- As session law in the General Appropriation Act, continue to require school districts to include in the FY 2012 revenue estimates that they use for computing their FY 2012 tax rates the rollover monies that they will receive for FY 2012 in July or August 2012.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Academic Contest Fund (EDA1006/A.R.S. § 15-1241)		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 pay for sending state level winners of academic contests and their chaperons to national contests. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Agricultural Youth Organization Special Plate Fund (EDA2547/A.R.S. § 15-791)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal Arizona agricultural youth organization special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona agricultural youth organization special plates, if an entity pays \$32,000 by December 31, 2010. The first \$32,000 received shall be reimbursed to the entity that paid the implementation fee to Arizona Department of Transportation (ADOT). ADOT is to annually deposit these monies, excluding administrative fees, into the Arizona Agricultural Youth Organization Special Plate Fund for disbursement by the State Board of Education acting as the State Board for Vocational and Technological Education.		
Funds Expended	0	0
Year-End Fund Balance	0	0
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	2,300	400
Year-End Fund Balance	800	400
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	225,400
Year-End Fund Balance	368,900	231,500

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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	44,200	45,000
Year-End Fund Balance	11,600	11,600
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	276,798,600	285,404,000
Year-End Fund Balance	19,456,200	19,456,500
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 the 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 (ADE) 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 the 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
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	135,400	270,500
Year-End Fund Balance	282,400	136,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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	91,300	65,000
Year-End Fund Balance	387,600	368,600
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 the General Fund.		
Funds Expended	0	55,700
Year-End Fund Balance	111,500	55,800
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	1,397,500	2,175,300
Year-End Fund Balance	1,351,300	676,000
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	961,483,100	987,897,800
Year-End Fund Balance	1,870,500	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (EDA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department to offset state reductions and enhance funding for programs such as Special Education and Title I.		
Funds Expended	698,756,300	319,606,100
Year-End Fund Balance	9,900	0
Full-Day Kindergarten Fund (EDA2507/Laws 2004, Ch. 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 the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Golden Rule Special Plate Fund (EDA2366/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	152,100	155,000
Year-End Fund Balance	14,700	14,700
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 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	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	3,474,900	6,447,900
Year-End Fund Balance	36,200	913,200
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	4,158,700	4,446,600
Year-End Fund Balance	349,700	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 Arizona State Schools for the Deaf and the Blind (ASDB) based on student counts.		
Purpose of Fund: To provide for classroom size reduction, teacher salary increases, dropout prevention, and instructional improvement.		
Funds Expended	38,843,900	40,250,000
Year-End Fund Balance	0	0
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, Management Information System (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	2,602,400	2,269,000
Year-End Fund Balance*	449,400	(212,500)
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 the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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 (QZAB) or State School Trust Revenue Bonds. Any remaining monies from the \$72,263,000 baseline total are then subject to appropriation to 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	16,269,400	46,475,500
Year-End Fund Balance	0	0
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	1,327,000	966,400
Year-End Fund Balance	408,000	52,300
Proposition 301 Fund (EDA1014/A.R.S. § 42-5029E7)		Partially-Appropriated
(EDA 1004, 1015, 1016 & 1017/ A.R.S. § 42-5029E5 & E6)		
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	6,077,500	7,000,000
Non-Appropriated Funds Expended	109,654,800	94,408,900
Year-End Fund Balance	7,379,800	7,251,400
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. 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 the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
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. 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 the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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 QZAB revenue bonds [see <i>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 ASDB 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 the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	3,748,800	3,748,800
Statewide Compensatory Instruction Fund (EDA2528/A.R.S. § 15-756.11)		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 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 the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	6,500	6,500
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 of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	246,000	123,000
Teacher Certification Fund (EDA2399/A.R.S. § 15-248.02)		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.		
Funds Expended	1,959,700	2,300,700
Year-End Fund Balance*	0	(358,800)
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	30,000
Year-End Fund Balance	441,700	416,200

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