

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS

A.R.S. § 15-231

**General Fund and Permanent State
Common School Fund**

**FY 1999
Actual**

**FY 2000
Estimate**

**FY 2001
Approved**

FTE Positions	57.8	57.8	57.8 ^{1/}
<u>Statutory Formula Programs</u>			
Basic State Aid Entitlement	2,041,919,100	2,182,328,000 ^{2/}	2,263,360,800 ^{3/4/5/6/7/8/9/10/}
Additional State Aid to Schools	174,255,400	192,737,800	205,484,900 ^{5/}
Assistance to School Districts for Children of State Employees	43,600	94,300	104,600
Certificates of Educational Convenience	796,300	1,787,800	2,148,600 ^{11/}
Permanent Special Ed. Institutional Voucher Fund	10,976,300	0	0 ^{12/}
Special Ed. Placement & Resid. Ed. Voucher Fund	1,877,900	0	0 ^{12/}
Special Education Fund	0	16,442,100	17,832,300 ^{5/}
Subtotal	2,229,868,600	2,393,390,000	2,488,931,200
<u>Non-Formula Programs</u>			
Accountability Measures	4,942,900	5,000,000	5,000,000 ^{13/14/}
Adult Education Assistance	4,580,700	4,581,200	4,586,800 ^{15/16/}
Arizona Teacher Evaluation	149,900	200,500	202,200
Career Ladder Administration	92,900	128,900	130,400
Charter Schools Stimulus Fund	1,000,000	0	0
Chemical Abuse	855,400	858,800	862,200
Extended School Year	500,000	500,000	500,000
Family Literacy	952,700	1,000,000	1,000,000
Gifted Support	1,285,800	1,294,400	1,296,800
Optional Performance Incentive Programs	397,500	400,000	400,000
Parental Choice for Reading Success	1,000,000	1,000,000	1,000,000
Residential Placement	0	100,000	100,000
School Report Cards	466,300	486,100	488,900 ^{17/}
School Safety Program	6,651,100	7,000,000	7,000,000 ^{18/}
Small Pass-Through Programs	519,000	581,600	581,600 ^{19/}
Space Flight Centers	500,000	0	0
State Block Grant - Early Childhood	19,019,000	19,489,300	19,494,800
State Block Grant - Vocational Education	11,099,800	11,089,000	11,123,600 ^{20/}
Vocational Education Extended Year	17,900	600,000	600,000
Youth Support Research	39,000	39,000	39,000
Subtotal	54,069,900	54,348,800	54,406,300
Total	2,283,938,500	2,447,738,800	2,543,337,500
<u>Additional Appropriations -</u>			
School Safety; Omnibus, Ch. 226	0	0	920,000
Joint Technological Education Districts, Ch. 344	0	0	250,000 ^{21/}
AIMS; Intervention; Dropout Prevention, Ch. 377	0	0	50,000
Total Appropriations	2,283,938,500 ^{22/}	2,447,738,800	2,544,557,500 ^{23/}
<u>Fund Summary</u>			
General Fund	2,210,004,500	2,379,069,600	2,436,175,900
General Fund Set-Aside	0	0	37,245,500 ^{5/}
General Fund Total	2,210,004,500	2,379,069,600	2,473,421,400
Permanent State Common School Fund	73,934,000	68,669,200	71,136,100
Total Appropriations	2,283,938,500	2,447,738,800	2,544,557,500

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Program Description — *Assistance to Schools consists of programs that provide pass-through funding to school districts and charter schools. The largest of these is Basic State Aid, which provides the state's share of equalization assistance to school districts and charter schools based on a funding formula set in statute.*

- 1/ All FTE Positions relate to Special Line Items.
- 2/ Laws 1999, Chapter 5, 1st Special Session appropriated \$20,000,000 for Basic State Aid. This appropriation was "triggered" due to the collection of excess FY 1999 revenues.
- 3/ Laws 2000, Chapter 48 appropriated \$22,470,000 for Basic State Aid. It also appropriated an additional \$20,000,000 for Basic State Aid that was "triggered" due to the collection of excess FY 2000 revenues.
- 4/ Includes \$200,000 appropriated by Laws 1999, Chapter 233.
- 5/ The General Fund Set-Aside includes \$29,857,300 for Basic State Aid, \$6,262,000 for Additional State Aid and \$1,126,200 for the Special Education Fund for a total set-aside of \$37,245,500. The set-aside is not formally appropriated to the budget but reflects the current estimate of a potential FY 2001 supplemental.
- 6/ 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 \$68,669,200 in expendable income derived from the Permanent State Common School Fund for FY 2000 and an estimated \$71,136,100 in expendable income from the Permanent State Common School Fund for FY 2001. (General Appropriation Act footnote)
- 7/ Receipts derived from the Permanent State Common 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. (General Appropriation Act footnote)
- 8/ 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 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. No expenditures may be made except as specifically authorized above. (General Appropriation Act footnote)
- 9/ The appropriated amount includes an estimated \$29,247,500 in FY 2000 above FY 1999 and an estimated \$27,855,300 in FY 2001 above FY 2000 for classroom enhancements. It is the intent of the Legislature that these monies be used to enhance one or more of the following items: classroom teacher salaries, hiring new teachers, teacher training and development, classroom technology, strengthening programs for pupils in Kindergarten programs through grade 3, additional school days, supplemental learning programs to meet state academic standards, reading clinics, and achieving or maintaining school sizes of fewer than 450 pupils. (General Appropriation Act footnote)
- 10/ All funding appropriated to school districts and charter schools and allocated through the expanded K-3 weights shall only be used for research-based literacy programs proven to demonstrate increased reading performance in Kindergarten programs through 3rd grade. These reading programs may include teachers, teacher aides, tutors, summer reading classes, after school classes and reading materials. School districts and charter schools must report by July 15 of each year to the Superintendent of Public Instruction on how the monies were used and how well the monies increased reading performance in Kindergarten programs through 3rd grade. The Superintendent of Public Instruction shall analyze and summarize these reports for presentation to the Governor, President of the Senate and Speaker of the House of Representatives. School districts and charter schools that fail to report to the Superintendent of Public Instruction by July 15 shall have the monies generated by the K-3 weight withheld by the State Board of Education until such time that the report is received. (General Appropriation Act footnote)
- 11/ Includes \$150,000 appropriated by Laws 1999, Chapter 243.
- 12/ This fund was consolidated into a new Special Education Fund by Laws 1998, Chapter 242.
- 13/ Of the monies appropriated for Accountability Measures, not more than \$200,000 shall be for administrative costs. All monies not used for administrative costs shall be used to increase the base level as defined in A.R.S. § 15-901B. (General Appropriation Act footnote)
- 14/ This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 15/ The appropriated amount is for classes in adult basic education, general education development and citizenship on a statewide basis. (General Appropriation Act footnote)
- 16/ It is the intent of the Legislature that no more than 10% of the appropriation for Adult Education Assistance be used by the Department of Education for operating the Division of Adult Education. It is also the intent of the Legislature that the greatest possible proportion of monies appropriated for adult education programs be devoted to instructional, rather than administrative, aspects of the programs. (General Appropriation Act footnote)
- 17/ The appropriated amount includes \$100,000 to report academic productivity data, as required under A.R.S. § 15-746. (General Appropriation Act footnote)
- 18/ This amount does not include \$920,000 appropriated for the program by Laws 2000, Chapter 226 (see "Additional Appropriations" below).
- 19/ The appropriated amounts for both FY 2000 and FY 2001 include \$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 Principals' Academy, \$234,000 for Arizona School Service through Education Technology, \$50,000 for Project Citizen and \$50,000 for the Economic Academic Council. (General Appropriation Act footnote)
- 20/ 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 FY 2000 and FY 2001 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 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. (General Appropriation Act footnote)
- 21/ This appropriation is contingent on the formation of a new joint technological education district by the qualified electors of that district. It is non-lapsing through FY 2002.
- 22/ Laws 1999, Chapter 1, 4th Special Session appropriated \$17,000,000 for supplemental expenses associated with a shortfall in Basic State Aid, Additional State Aid and related formula funded programs.
- 23/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

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Basic State Aid Entitlement — The approved FY 2000 supplemental amount adds \$36,313,600 General Fund (GF) for Basic State Aid. This total consists of \$19,959,300 for Average Daily Membership (ADM) growth, \$18,169,000 for charter school transportation, \$(1,845,100) for Net Assessed Value (NAV) growth and \$30,400 for miscellaneous minor formula items (*see Table 1*). The \$19,959,300 amount for ADM growth assumes a total statewide ADM count of 832,717 for the 1999-2000 school year (SY 2000) — 4,965 pupils more than was assumed in the original FY 2000 appropriation (*see Table 2*). The \$18,169,000 included for charter school transportation assumes a total related cost of \$23,494,100 due to an increase in transportation route miles for district-sponsored charter schools. This amount would be \$18,169,000 higher than the cost assumed in the original FY 2000 appropriation. The \$(1,845,100) savings for NAV growth is due to a revised estimate of the savings associated with 6.7% NAV growth, rather than due to a change in that growth rate assumption. The remaining \$30,400 reflects revised estimates for other minor components of the Basic State Aid formula.

increase in the assumed NAV growth rate from 5% in the FY 2001 appropriation to 7.6% in the FY 2001 set-aside.

The \$9,987,000 increase for TNT would be required under the higher (7.6%) NAV growth rate. This is because the TNT statute (A.R.S. § 41-1324) requires tax rates to be lowered if NAV growth otherwise would cause levies on existing properties to increase, as would be expected under the revised 7.6% growth rate.

The total FY 2000 supplemental and FY 2001 set-aside amounts for the department are summarized in *Table 3*. The \$37,245,500 FY 2001 overall set-aside amount reflects a January 2000 revision of the projected FY 2001 NAV growth rate by JLBC Staff. Based on updated property value data, we estimated in late January 2000 that the NAV growth rate for FY 2001 would be 7.6%, rather than the 6.0% rate assumed in the original set-aside. This higher NAV growth rate reduced the projected FY 2001 Basic State Aid shortfall by \$(7,926,300) to a total of \$29,857,300 (*see Table 4*).

Table 1: Basic State Aid Supplemental

<u>Formula Component</u>	<u>FY 2000</u>	<u>FY 2001</u>
ADM Growth	\$19,959,300	\$49,062,300
Charter Transportation	18,169,000	(2,858,600)
NAV Growth	(1,845,100)	(27,644,200)
Truth in Taxation	0	9,987,000
Miscellaneous	30,400	1,310,800
BSA Total	\$36,313,600	\$29,857,300

Table 3: Total FY 2000 Supplemental Amount and FY 2001 Set-Aside

<u>Program</u>	<u>FY 2000</u>	<u>FY 2001</u>
Basic State Aid	\$36,313,600	\$29,857,300
Additional State Aid	4,709,800	6,262,000
Special Education Fund	905,900	1,126,200
Total	\$41,929,300	\$37,245,500

Table 2: Total ADM Assumed in Supplemental Amount vs Original Appropriation

<u>School Year</u>	<u>ADM (Supplemental)</u>	<u>ADM (Original Approp)</u>	<u>ADM Difference</u>
2000	832,717	827,752	4,965
2001	859,321	847,614	11,707

Table 4: Original FY 2001 Set-Aside vs Set-Aside Required at 7.6% NAV Growth

<u>Program</u>	<u>Original FY 2001 Set-Aside</u>	<u>Set-Aside at 7.6% NAV Growth</u>	<u>Difference</u>
Basic State Aid	\$37,783,600	\$29,857,300	\$(7,926,300)
Add'l. State Aid	5,972,800	6,262,000	289,200
Special Ed. Fund	1,126,200	1,126,200	0
Total	\$44,882,600	\$37,245,500	\$(7,637,100)

The FY 2001 set-aside estimate includes \$29,857,300 GF for Basic State Aid. This set-aside amount is not formally added to the department's budget but reflects the current estimate of a potential FY 2001 supplemental. As shown in Table 1, the \$29,857,300 total equals \$49,062,300 for ADM growth, \$(2,858,600) for charter school transportation, \$(27,644,200) for NAV growth, \$9,987,000 for Truth in Taxation (TNT) and \$1,310,800 for settlement of a school district lawsuit. The \$49,062,300 for ADM growth assumes a total statewide ADM count of 859,321 for SY 2001 — 11,707 pupils more than was assumed in the FY 2001 appropriation (*see Table 2*). The \$(2,858,600) savings for charter school transportation assumes a total cost of \$1,845,400 for the year under the flat rate (\$174 per pupil) funding formula that will take effect for district sponsored charter schools starting in FY 2001. That cost would be \$(2,858,600) less than the amount assumed in the FY 2001 appropriation. The \$(27,644,200) savings for NAV growth is due to an

Additional State Aid to Schools — The approved FY 2000 supplemental amount adds \$4,709,800 GF for Additional State Aid (*see Table 3*). Of this total, approximately \$3,693,300 is due to property tax increases in Pima County. Those increases raise the cost of the Homeowner's Rebate program, through which the state pays a portion of each homeowner's property taxes. The remaining \$1,016,500 results from an updating of earlier estimates for the program based on more current data.

The FY 2001 set-aside estimate includes \$6,262,000 GF for Additional State Aid (*see Table 3*). This set-aside amount includes \$3,693,300 for Pima County tax hikes and \$1,016,500 for estimate updates. It also includes \$1,552,200 for increased program costs under the higher

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(7.6%) NAV growth rate assumed in the set-aside amount. (The FY 2001 appropriation assumed a 5% NAV growth rate for the year. The Homeowner's Rebate would be expected to cost more at the higher [7.6%] growth rate.) The \$6,262,000 set-aside amount, therefore, reflects the higher (7.6%) NAV growth rate that was projected for FY 2001 by JLBC Staff in January 2000. That change added an additional \$289,200 to the estimated FY 2001 set-aside requirement for the program (*see Table 4*).

Special Education Fund — The approved FY 2000 supplemental amount adds \$905,900 GF for higher than budgeted growth in the number of pupils requiring special education vouchers. This includes pupils who attend the Arizona Schools for the Deaf and the Blind (ASDB) or who are placed in a private special education or residential facility pursuant to A.R.S. § 15-1182. The approved amount assumes that the number of students served would increase by 6% for FY 2000. The FY 2000 appropriation assumed that this number would increase by 4.9% for the year.

The FY 2001 set-aside estimate includes \$1,126,200 GF for an additional 6% increase in the number of pupils requiring special education voucher funding for FY 2001. The FY 2001 appropriation assumed a student growth rate of 5.2% for the year.

Additional Appropriations: School Safety Omnibus (Chapter 226) — This bill appropriates \$920,000 GF to the department in FY 2001 for school safety issues: \$770,000 GF for the existing School Safety Program (authorized by A.R.S. § 15-155) and \$150,000 GF to establish a new school safety clearinghouse. The bill requires the department to employ at least 1 person to carry out the duties of the new clearinghouse. The purpose of the clearinghouse is to respond to requests from the public for information about school safety; serve as the central repository for violence prevention curriculum, programs and strategies relating to school safety; and establish and maintain a school violence prevention Web site for school and public use. The bill also appropriates \$80,000 to the Attorney General's office in FY 2001 for establishment of a school conflict mediation program (*see narrative for the Attorney General's office for more information*).

Joint Technological Education Districts (Chapter 344) — This bill appropriates \$250,000 GF to the department in FY 2001 for one-time capital funding for a vocational technical education demonstration project in an existing structure. The appropriation is contingent on the formation of a new technological education district by qualified voters of the affected school districts and is non-lapsing through FY 2002. The \$250,000 amount originally was appropriated by HB 2285. The Governor vetoed that bill,

however, because it did not require voter approval for formation of the new technological education district.

AIMS: Intervention: Dropout Prevention (Chapter 377) — This bill requires the department to establish a new "AIMS Intervention and Dropout Prevention Program" and appropriates \$50,000 GF to it for FY 2001. The program is to be patterned after the "Jobs for America's Graduates" (JAG) program now offered in several other states. Its goal is to keep at-risk pupils from dropping out of school and assist them in making a transition from high school to postsecondary education, vocational or job training, military service or employment.

Capital Outlay Appropriations: Appropriation: Ganado School District (Chapter 380) — This bill appropriated \$50,000 GF to the State Board of Education in FY 2001 for capital costs for a Ganado School District comprehensive education center. The center is to house a comprehensive educational program in partnership with institutions of higher education. The appropriation is non-lapsing.

Vetoed Appropriations: Appropriation: Vocational Technical Funding (H.B. 2285) — This bill appropriated \$250,000 GF to the department in FY 2001 for one-time capital funding for a vocational technical education demonstration project in an existing structure. The Governor vetoed this bill, but the \$250,000 amount instead was appropriated for the same purpose by Laws 2000, Chapter 344, which was enacted into law. (*See "Joint Technological Education Districts (Chapter 344) under "Additional Appropriations" for more information.*)

[Click here for more information from the initial biennium appropriations report \(June 1999\)](#)