



ARIZONA STATE SENATE
Forty-ninth Legislature, First Regular Session

PROGRAM PRESENTATION

Arizona Public School Districts' Dollars Spent in the Classroom FY 2008

Background

Laws 2000, Fifth Special Session, Chapter 1 referred six-tenths of a percent increase to the state sales tax for educational programs to the ballot. Voters approved Proposition 301 in November, 2000. The bill also established a school-wide audit division at the Auditor General's Office to provide accountability for Proposition 301 funds and to monitor school districts to determine the percentage of every dollar spent in the classroom and conduct performance audits on school once every five years. (ARS 41-1279.03). The Auditor General issues a detailed report relating to the 301 monies and the classroom percentages every year.

The increased sales tax generates revenue for several educational programs. Twelve programs receive allocations before any funds are distributed to school districts including: School Facilities board debt service, universities Technology Research and Infrastructure Funds (TRIF); Tribal Community Colleges; Failing Schools Tutoring Fund; five additional school days and school safety programs. After all the specified distributions, the remaining revenue is deposited into the Classroom Site Fund (CSF). The Joint Legislative Budget Committee determines the annual per pupil amount in order to distribute funds to school districts and charter schools based on their enrollment. Pursuant to ARS §15-977 school districts and charter schools must use 60 percent of CSF revenue for teacher compensation; of that 60 percent, at least 40 percent must be used for performance pay and 20 percent for base pay increases. The remaining 40 percent may be used for various items including: AIMS intervention; class size reduction; dropout prevention; teacher professional development and additional teacher compensation. School districts must develop a performance pay plan that includes the following elements: school performance; district performance; measures of academic progress; dropout or graduation rates; attendance rates and school quality ratings. These elements may be altered and include additional items as long as the district adopts the plan at a public meeting.

The most recent report, for Fiscal Year 2008, found a continued decline in the percentage of dollars in the classroom. Additionally, although school districts use 301 monies for eligible uses, the report indicates that districts may be supplanting other funds with 301 revenues rather than supplementing as required by ARS §15-977. Finally, the report notes that some districts' performance pay plans do not require performance above and beyond what is expected in teachers' routine responsibilities.

Fiscal History

The table below shows CSF revenues and average per pupil amounts since FY 2002. Data sources include JLBC Appropriations Reports and Arizona Department of Education School finance Memos.

FACT SHEET

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Fiscal Year	Classroom Site Fund	Per Pupil Amount
FY 2002	\$205,453,600	\$272
FY 2003	\$298,461,400	\$239
FY 2004	\$265,305,200	\$230
FY 2005	\$296,182,500	\$242
FY 2006	\$379,860,300	\$333
FY 2007	\$447,839,800	\$401
FY 2008	\$502,147,900	\$401
FY 2009	\$499,366,300	\$390

FY 2008 – 2009 Budget Action

No action taken, although the FY 2009 estimates for the CSF and per pupil amounts may be revised downwards due to declining revenues.

Prepared by Senate Research
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SM/tam