

Planned Uses of Proposition 301 Monies (Report Highlights)

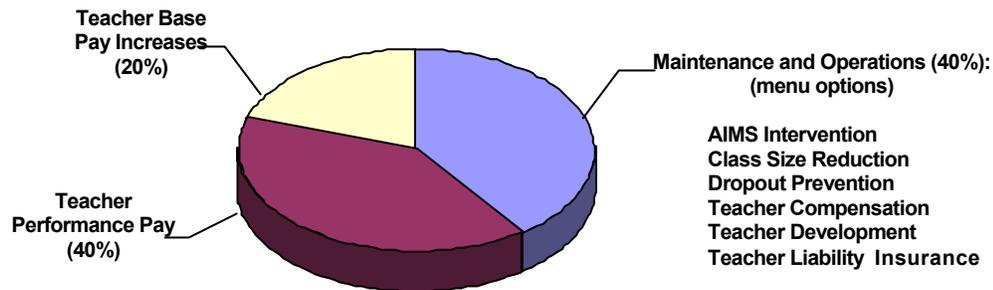
March 2002

This report provides an analysis of Arizona school districts' planned uses of Proposition 301 monies. In November 2000, voters approved Proposition 301, which increased the State's sales tax from 5 percent to 5.6 percent to provide additional monies for educational programs. The tax is expected to produce \$444 million in fiscal year 2002, of which over \$261 million (59 percent) will be distributed to school districts, charter schools, and state schools. The Joint Legislative Budget Committee established the fiscal year 2002 allocation at \$272 per pupil. Monthly, the Arizona Department of Education distributes the schools' share of actual sales tax revenues based on student counts.

Statutes Govern Districts' Use of Monies

The enabling legislation for Proposition 301 requires that the monies be dedicated to three main purposes.

Allowable Spending Categories



Amount Districts Receive Varies

Because a district receives its monies based on its number of students, the amounts vary greatly. The State's smallest district, Blue Elementary District, is projected to receive \$850 in fiscal year 2002. Mesa Unified School District, the State's largest district, is expected to receive \$22.4 million.

Almost half of the Proposition 301 monies are going to the State's 13 largest districts.

Amounts Allocated to Districts Fiscal Year 2002

Projected Allocation	Number of Districts	Percentage of Dollars
More than \$10 million	4	24.0%
Between \$5 and \$10 million	9	24.4
Between \$1 and \$5 million	38	32.9
Between \$250,000 and \$1 million	72	15.6
Between \$50,000 and \$250,000	55	2.7
Less than \$50,000	<u>42</u>	<u>0.4</u>
Total	<u>220</u>	<u>100.0%</u>

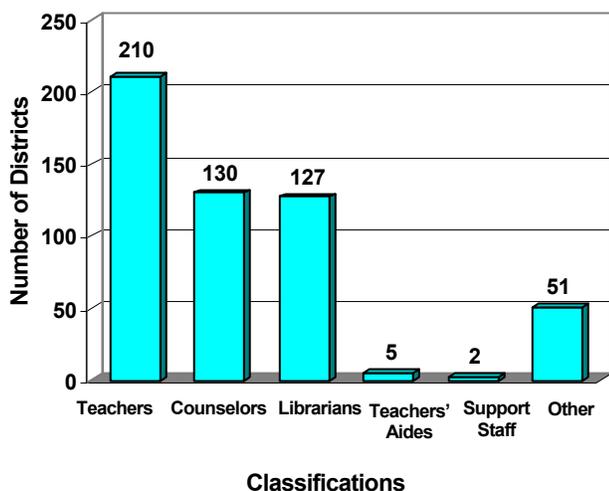
Districts' Planned Uses—A Statewide Perspective

Overall, school districts plan to use 97 percent of their Proposition 301 monies for teachers' salaries and benefits. Most of this will occur through teacher pay increases, although some salary expenditures will be for additional teachers hired to reduce class size, or for things such as AIMS intervention.

- **Base pay increases**—Districts are required to use 20 percent of their monies for base pay increases. The amount of these increases varies among the districts from approximately \$170 to \$1,680 per employee. More than one-half of the districts report that they intend to give equal dollar amounts to all eligible employees.

The law did not define "teacher" when it mandated increasing teacher salaries. Over one-half of the districts have determined that librarians and counselors

Employee Classifications Eligible for Base Pay Increases by Number of Districts Fiscal Year 2002



are eligible for salary increases. A few districts have included other employee classifications, such as aides, nurses, and speech therapists.

- **Performance pay**—Forty percent of the Proposition 301 monies must be used for performance pay. Most school districts have developed new performance pay plans with input from board members, administrators, teachers, principals, and parents.

Most districts are using student achievement as the primary measure of teacher performance, combining it with other measures.

Performance Measures Included in Districts' Performance Pay Plans Fiscal Year 2002

Performance Measures	Number of Districts
Student achievement	175
Parent satisfaction/involvement	83
Teacher development	79
Teacher evaluation/performance	69
School improvement factors	58
Student/teacher attendance	56
Additional teacher responsibility	49
Other measures	29
District improvement factors	20
Dropout/completion rates	19

Districts have generally determined that the same employees who are eligible for base pay increases are eligible for performance pay increases.

Districts reported that the amount of performance pay employees would be eligible to receive ranges from \$50 for those who meet only one of a district's performance factors to \$3,500 for those meeting all factors.

- **Menu money**—Districts can use the other 40 percent of Proposition 301 monies (“menu money”) on any one or a combination of options, from a menu of six optional programs
 - AIMS intervention
 - Class size reduction
 - Dropout prevention
 - Teacher compensation
 - Teacher development
 - Teacher liability insurance

Teacher compensation is the most frequently selected option. More than 75 percent of the districts are putting at least some of the menu monies into teacher compensation. Sixty-six districts are putting **all** of their menu monies into teacher compensation. By contrast, no district currently plans to use menu money for teacher liability insurance.

Although most districts are using some menu monies for teacher compensation, there are some differences by district size in how the monies are used. For example, small districts plan to use a smaller proportion of their menu monies on teacher compensation than larger districts. The small districts are, instead, using a greater proportion on class size reduction, AIMS intervention, and teacher development.

However, the larger districts are allowing school-level control of a greater portion of the menu monies. In the case of the State’s two largest districts, the schools will determine how to use almost one-third of the menu monies.

District Analysis

The report includes a one-page summary for each school district describing its plans for using its Proposition 301 monies as well as providing some comparative information about the district.

To Obtain More Information

- A copy of the full report can be obtained by calling (602) 553-0333 or by visiting our Web site at:

www.auditor.gen.state.az.us

- The contact person for this report is *Sharron Walker*.