



State of Arizona  
Department of Education

SCHOOL FINANCE MEMORANDUM 11-057

To: Business Managers, Superintendents, and Charter School Administrators  
From: Yousef Awwad, Director of School Finance  
Date: April 11, 2011  
Subject: Legislative Impact

This memo summarizes the adopted FY 2012 budget as passed by the Legislature and signed by Governor Brewer. Please note however, the legislative session has not concluded and until that time, any of these provisions may be changed.

FY 2011

Directs the Arizona Department of Education to proportionately reduce state aid and budget limit, for those districts and non-profit charters eligible to receive state aid, by the amount of the current year shortfall and specifies that any federal Education Jobs monies received may be used to offset the reduction.

FY 2012 Permanent and Statutory Formula Changes

1. Increases the Transportation Support Level per-route mile amounts by 0.9%, as follows:
  - a.  $\leq 0.5$  and  $> 1.0$ , from \$2.35 to \$2.37
  - b.  $> 0.5 - 1.0$ , from \$1.91 to \$1.93
2. Increases charter school Additional Assistance per-pupil amount by 0.9%, as follows:
  - a. Grades K-8, from \$1,607.50 to \$1,621.97
  - b. Grades 9-12, from \$1,873.52 to \$1,890.38
3. NOTE: Continues Base Level amount at \$3,267.72 – same amount since FY 2010.
4. Prohibits including 9<sup>th</sup> grade students in a Joint Technical Education District's (JTEDs) average daily membership (ADM) and prohibits the expenditure of JTED funds for those students.
5. Repeals Career Ladder and Optional Performance Incentive Program (OPIP) as of July 1, 2015 (FY 2016) ARS §15-918 through §15-918.05, §15-919 through §15-919.06 and §15-977(G3), and prohibits new teacher participation and phases out the budget capacity of participating districts as follows:
  - a. Decreases the percentage increase to district Base Levels each year (4% in FY 2012, 3% in FY 2013, 2% in FY 2014 and 1% in FY 2015).
  - b. Specifies increase in the qualifying tax rate (QTR) to determine local funding share as:
    - i. For a high school district or elementary district the lesser of \$0.10 or the amount required to generate the total budget capacity for the fiscal year.
    - ii. For a unified district the lesser of \$0.20 or the amount required to generate the total budget capacity for the fiscal year.

- c. NOTE: See our presentation on the School Finance web site:  
<http://publicportal.ade.az.gov/sites/SF/BusinessInformation/Business%20Rule%20Documents%20and%20Presentations/Career%20Ladder%20Funding%20%20SB1617.pdf>

- 6. Repeals the Actual Utilities Cost Revenue Control Limit adjustment formula and reporting requirements (ARS §15-910.04).

#### FY 2012 Reductions

- 7. Continues FY 2011 reduction of school districts' Soft Capital Allocation (SCA) and budget limits and increases the reduction by \$23 million for a total SCA reduction of \$188.1 million leaving approximately \$24 million in SCA funding available to districts in FY 2012.
- 8. Reduces school district Capital Outlay Revenue Limit (CORL) formula funding and budget limits by a total of \$98.9 million, leaving approximately \$148 million in CORL funding available to districts in FY 2012.
- 9. Directs ADE to allocate the districts' reductions for SCA and CORL and corresponding budget limits as follows:
  - a. For school districts eligible to receive basic state aid, reduce by the full amount, unless district has a student count of under 1,100;
  - b. For school districts not eligible to receive basic state aid by the amount they would be reduced if, they were eligible for basic state aid, unless district has a student count of under 1,100
  - c. Limits the total reduction for both SCA and CORL for districts with student counts of less than 1,100 to \$5 million
- 10. Continues the FY 2011 reduction in charter school Additional Assistance and increases the reduction by an additional \$7.7 million for a total reduction of \$17.7 million.
- 11. Continues state aid funding level for JTIEDs at 91% of the amount otherwise provided by law for FY 2011-12.
- 12. Continues FY 2011 the Early Graduation Scholarship Program (EGSP) limitations as follows:
  - a. Limits EGSP to students admitted prior to July 1, 2009, and allow funding for existing participants.
  - b. Prohibits district or charter student counts and per-pupil funding adjustments for students who graduate early and prohibits ADE from transferring for the EGSP.
- 13. Directs ADE to transfer \$5 million of the Basic State Aid appropriation to the Education and Learning Accountability System Fund for the development of a data system to collect, compile, maintain, and report student-level data for preschool through postsecondary students; including replacing the current Student Accountability and Information System (SAIS). Fund also receives \$6 per student from the community colleges and universities.
- 14. Continues the K-12 rollover by deferring \$952,627,700 in FY 2012 state aid (BSA & ASA) payments to school districts until FY 2013 and directs the deferred payments be distributed to

school districts beginning July 1, 2013 but no later than August 29, 2013. Exempts charter schools from the rollover.

15. Changes the retirement contributions from 50% for both employer and employee to 47% for employer and 53% for employee – requires ADE to reduce state aid by the amount the shift generates.