



State of Arizona  
Department of Education

SCHOOL FINANCE MEMORANDUM 15-044

**TO: District Superintendents, District Business Managers,  
Joint Technological Education Superintendents and District Business Managers  
Charter School Administrators and Business Managers**

**FROM: Lyle Friesen, Deputy Associate Superintendent, School Finance**

**DATE: March 10, 2015**

**SUBJECT: SAIS Limiting**

Since its inception, SAIS has been rife with problems. In its first year, fiscal year 2001-2002, the Arizona Department of Education (ADE) granted all school districts and charter schools a one year extension to the requirement to submit student level detail in an electronic format. Even with this extension, in fiscal year 2002-2003, charter schools were paid on estimates for almost the entire year and the ADE had to ask school districts for their 100th day Average Daily Membership (ADM) so that it could make state aid payments. Now, even when SAIS appears to be functioning better than it ever has, new issues with SAIS have surfaced.

The ADE has discovered new issues with SAIS that may be causing school districts and charter schools to receive incorrect funding. In certain circumstances, SAIS has not been properly limiting ADM within single Local Education Agencies (LEA) to 1.000, but rather allowing for it to be calculated at greater than 1.000 ADM. The ADE's initial analysis has identified that SAIS limiting does not always function correctly in the following circumstances:

- Students enrolled in multiple schools within the same LEA;
- Students with FTE changes within the same school during the year;
- Students switching instructional calendar tracks during the year, or reported with multiple calendar tracks;
- Students enrolled in traditional bricks & mortar classrooms and also enrolled in an AOI operated by the same LEA; and
- Charter school students who reside within the boundaries of a JTED, and who are enrolled in both a charter school and a JTED centralized campus.

See Attachment A for examples of the impact of the above scenarios.



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**Background:**

Originally SAIS was programmed to make concurrency adjustments which only occurred for periods of time when a student was enrolled and attending school in multiple LEAs. After the Auditor General's Office issued its report on Technology Assistance Project-Based Instruction in October 2007, ADE transitioned to limiting annual ADM to 1.000, 1.250, or 1.750 as applicable. The annual limiting in SAIS did not include limiting membership days within a single LEA to 100. Student enrollment in multiple schools within the same LEA was not considered in the development of limiting rules. Only when a student is enrolled in multiple LEAs and total ADM exceeds 1.000, 1.250, or 1.750 (subject to type of LEAs and sites involved) is limiting applied.

**Impact:**

The ADE has not yet determined the full extent of this problem. ADM for fiscal years 2010-2011 through 2014-2015 will be analyzed. Even though fiscal year 2010-2011 is beyond the three prior years provided for in A.R.S § 15-915, school district state aid and budget capacity for fiscal year 2011-2012 is based on the prior year ADM.

**LEA Next Steps:**

- 1) To determine if your school district or charter school is impacted, please review your SDADMS75-1 Adjusted Student ADM Limit Report, available via the Common Logon under Student Detail Reports.
- 2) For each fiscal year, beginning with fiscal year 2014-2015, review the LEA's SDADMS75-1 Adjusted Student ADM Limit Report to determine whether any student is reported with more than 100 limited membership days (column labeled "LIM Mem Days"). The "Lim Mem Days" column should not contain greater than 100 days for any student.
  - a. In some cases, a student may have multiple records requiring the membership days for each record to be summed. The sum of all "LIM Mem Days" values for all records of a student should not exceed 100.
  - b. For FY 2015, if your LEA had not reached its 100<sup>th</sup> instruction day by February 2, 2015, analysis should be delayed until the processing immediately following your FY 2015 100<sup>th</sup> day is complete.



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**ADE Next Steps:**

- 1) Complete a preliminary analysis to determine the magnitude of limiting inconsistencies.
- 2) Perform additional analysis, if necessary, for LEAs which have been audited by ADE and for which audit adjustments to state aid and budget capacity have been made.
- 3) Notify each impacted LEA of findings.
- 4) Upon completion of the FY 2014-2015 ADM recalculation, additional analysis will be conducted. Appropriate next steps pursuant to A.R.S §15-915 will be determined upon completion of this analysis.
- 5) If applicable, to reduce the fiscal challenge these adjustments may cause, for impacted school districts and charter schools, seek legislation during the 2016 legislative session to extend the years over which state aid and budget adjustments may be made for LEAs impacted by these SAIS issues.
- 6) Seek legislation simplifying concurrency and limiting language in A.R.S. Title 15

Please submit questions on this subject to [SchoolFinance@azed.gov](mailto:SchoolFinance@azed.gov). An FAQ will be made available online and updated, as questions are answered.

Attachment A

**Student Scenario**

**Impact**

**Scenario 1**

<p>LEA 1: Student enrolled full-time, in one school, but experiences many FTE changes. SAIS calculates ADM in excess of 1.000 for student.</p> <p>No enrollments in other LEAs.</p>	<p>LEA 1 generates excess ADM, which results in over funding of state aid and classroom site fund.</p>
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**Scenario 2**

<p>LEA 1: Student enrolled full-time, in one school, but experiences many FTE changes. SAIS calculates ADM in excess of 1.000 for student.</p> <p>LEA 2: Student is enrolled full-time. SAIS calculates an ADM of 1.000 or less.</p>	<p>LEA 1: ADM in excess of 1.000 is generated, current limiting results in overstated limited ADM. Result is over funding of state aid and classroom site fund.</p> <p>LEA 2: current limiting results in understated limited ADM. Result is under funding of state aid and classroom site fund.</p>
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**Scenario 3**

<p>LEA 1: Student enrolled full-time in School 1 and is enrolled part-time in School 2. SAIS calculates ADM in excess of 1.000 for student.</p> <p>No enrollments in other LEAs.</p>	<p>LEA 1 generates excess ADM, which results in over funding of state aid and classroom site fund.</p>
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**Scenario 4**

<p>LEA 1: Student enrolled full-time in School 1 and is enrolled part-time in School 2. SAIS calculates ADM in excess of 1.000 for student.</p> <p>LEA 2: Student is enrolled at a school in LEA 2 during the same fiscal year, generating ADM of 1.000 or less.</p>	<p>LEA 1: ADM in excess of 1.000 is generated, current limiting results in overstated limited ADM. Result is over funding of state aid and classroom site fund.</p> <p>LEA 2: current limiting results in understated limited ADM. Result is under funding of state aid and classroom site fund.</p>
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Student Scenario	Impact
<b>Scenario 5</b>	
<p>LEA 1: Student enrolled full-time on calendar track 1. During the year student switches to calendar track 2. SAIS calculates ADM in excess of 1.000 for student.</p> <p>No enrollments in other LEAs.</p>	<p>LEA 1 generates excess ADM, which results in over funding of state aid and classroom site fund.</p>
<b>Scenario 6</b>	
<p>LEA 1: Student enrolled full-time on calendar track 1. During the year student switches to calendar track 2. SAIS calculates ADM in excess of 1.000 for student.</p> <p>LEA 2: Student is enrolled at a school in LEA 2 during the same fiscal year, generating ADM of 1.000 or less.</p>	<p>LEA 1: ADM in excess of 1.000 is generated, current limiting results in overstated limited ADM. Result is over funding of state aid and classroom site fund.</p> <p>LEA 2: current limiting results in understated limited ADM. Result is under funding of state aid and classroom site fund.</p>
<b>Scenario 7</b>	
<p>JTED Member District: Student enrolled full-time in one school, but experiences many FTE changes. SAIS calculates ADM in excess of 1.000 for student.</p> <p>JTED: Student is enrolled full-time. SAIS calculates an ADM of 1.000 or less.</p>	<p>JTED Member District: ADM in excess of 1.000 is generated, current limiting results in overstated limited ADM. Result is over funding of state aid and classroom site fund.</p> <p>JTED: current limiting results in understated limited ADM. Result is under funding of state aid and classroom site fund.</p> <p>Applies whether statutory limit is 1.750 or 1.250</p>
<b>Scenario 8</b>	
<p>LEA 1: Student enrolled full-time in School 1. SAIS calculates ADM of 1.000 for student.</p> <p>LEA 1: Student is also enrolled at AOI operated by LEA 1. Student generates partial ADM.</p>	<p>LEA 1: SAIS calculated ADM exceeds 1.000 by the amount of ADM generated for AOI. Results in over funding of state aid and classroom site fund.</p>

Attachment A

**Student Scenario**

**Impact**

**Scenario 9**

<p>Charter School: Student resides within the JTED boundaries and is enrolled full-time. SAIS calculates ADM of 1.000 for student.</p> <p>JTED Centralized Campus: Student is enrolled with an FTE of 0.5000, 0.750, or 1.000. SAIS calculates an ADM of 0.5000, 0.750, or 1.000.</p>	<p>Current limiting proportionately allocates 1.250 ADM to Charter School and JTED. Under funding results for both Charter School and JTED.</p>
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Except as otherwise indicated, LEA 1 and LEA 2 may be School District or Charter School.