



State of Arizona
Department of Education

SCHOOL FINANCE MEMORANDUM 13-011

TO: Superintendents, District Business Managers, Charter Business Managers
Charter Holders, and Administrators

FROM: Lyle Friesen, Director of School Finance

DATE: August 31, 2012

SUBJECT: School Finance Updates

General Updates

1) It's Due When?... What's Happening?

You may be wondering, when can I update my estimated counts or when will the recalculation be done. For information on these and many other need-to-know items, check out the "Hot Topics" section of the School Finance website. The direct link to the Hot Topics can be found [here](#). We highly recommend that you bookmark this page and check it often.

If you know of anyone who can benefit from our updates, please have them register for our distribution list from the [School Finance homepage](#) using the red "SIGN UP For School Finance Updates" link to receive memos like this one.

2) FY 2013 Calculation of ADM

The passing of SB1456 continues the calculation of ADM to be based on the first 100 days of school. ADM will continue to be generated for 40th and 100th day with aggregation being first run this year in October. The first full monthly processing, including both integrity and aggregation, will begin on October 1, 2012. As we define the remainder of the monthly processing runs, we will post them to the School Finance [Hot Topics](#). Please see Hot Topics for more information on when integrity is scheduled throughout the year.

3) FY 2013 System Changes and Business Rules

Information regarding FY 2013 system changes can be found in one of two places in the form of business rules or SAIS documentation. The School Finance business rules can be found on the School Finance website at <http://www.azed.gov/finance/> by clicking on “Knowledge Center” within the blue navigation bar and selecting “Business Rules and Presentations”. All SAIS changes, regardless of the area affected, can be found at <http://www.azed.gov/student-accountability/sais-information/>.

School Finance is preparing business rules to implement several changes for FY2013 (SY 2012-2013). The following table summarizes the most significant changes.

Business Rules / System Change	Description of Change	Rules Status
Adjusted ADM	<p>The adjustment to ADM due to absences has been removed from AZ state law. Modifications will be made to the system to no longer adjust ADM for fiscal years 2013 forward.</p> <p>NOTE: Attendance must still be taken and absences must continue to be reported. Per 15-901(A)(1), absences must be reported through SAIS at least once every 60 days in session. Absences must continue to be reported through the end of the school year..</p>	In progress
Charter Estimated Counts	<p>This application will be modified to fix identified processing bugs. The modifications will include some changes to the Char 55-1 report and the Charter School Student Enrollment Summary to ensure that the data is presented accurately.</p>	<p>Complete. Rules are available on the Business Rules and Presentations site.</p>
Grand Canyon Diploma	<p>Districts and Charters may receive state funding for students who have received the Grand Canyon Diploma. This program will be implemented in phases. Phase 1 will implement new Membership transaction codes. Phase 2 will create a new program participation transaction and make modifications to Integrity and Aggregation. More information on the Grand Canyon Diploma can be found on the State Board of Education and on the Center for the Future of Arizona websites.</p>	<p>Phase I: Complete. Rules are available on the Business Rules and Presentations site.</p> <p>Phase II: In progress</p>
JTEDs	<p>Integrity will be modified to preclude Joint Technical Education Educational Districts (JTEDs) from reporting a student as having graduated from the JTED. Reporting these students as graduated from a JTED causes the graduation rate information ADE reports to the federal</p>	<p>Complete. Rules are available on the Business Rules and Presentations site</p>

Business Rules / System Change	Description of Change	Rules Status
	government (U.S. Department of Education EDFACTS submissions) to be inaccurate.	
K – 3 Reading	Districts and charters may be eligible for additional state funding to improve the reading proficiency of students in Kindergarten and First through Third Grade. Eligibility and annual requirements can be found within the business rules and on the ADE Move on When Reading K-3 Literacy Plans website .	Complete. Rules are available on the Business Rules and Presentations site.
SDER	The School District Employee Report (SDER) will be updated to allow Districts to identify Purchased Services Personnel (PSP). Certain screens and reports will be updated, including modifying the Employee List report to display only the last four digits of an employee’s School ID or Social Security Number.	Complete. Rules are available on the Business Rules and Presentations site
Voucher Students	Integrity will be modified to preclude public special education institution enrollments for a voucher student to be submitted with a Tuition Payer Code = 1, which identifies the enrollment as fundable. Voucher students do not generate state aid funding and are instead funded separately, through the voucher system. Currently, if a voucher student’s enrollment shows a Tuition Payer Code = 1 and the student has a concurrent enrollment in another LEA (e.g., in a JTED), the other LEA’s ADM will be limited incorrectly. Restricting these enrollments from generating ADM will result in correct limited ADM in this situation.	In progress
Weighted ADM Summary	A new summary section will be added this year to the APOR55-1 and CHAR55-1 to provide transparency to how the “Total Weighted Student Count” value is calculated. On the top of page 4 of the CHAR55-1 and in the bottom right hand corner of page 4 of the APOR55-1, the Non-AOI, Full-Time AOI and Part-Time AOI student counts will be displayed and summed.	No business rules will be created for this change.

4) Calendar Submittals

Calendars for your LEA and schools must be submitted in order for 40th and 100th day ADM to be calculated. If you have not yet submitted your FY 2013 calendar, please do so by logging into [Common Logon](#), then selecting “LEA Calendar”. Be sure to activate your calendar(s) when you’re finished so that SAIS can see it when we process integrity and aggregation.

5) School Finance Hot Topics

School Finance now has a bulletin board where School Finance related items, including deadlines and system updates, are posted. Please check regularly to stay informed. These “Hot Topics” can be found on our home page at <http://www.azed.gov/finance/>. For updates to budget and payment related items, including mandated reductions and statewide recalculation adjustments, please go to <http://www.azed.gov/finance/hot-topics/>. Our goal is to consolidate these two sites and to have all postings appear on our home page Hot Topics.

6) Are Your District, Charter and School Data Correct?

Please ensure ADE has your correct address, grades offered, etc. Review what is on record for your schools and districts through our [Public School Search](#). Incorrect data may lead to incorrect federal reporting and inaccurate Accountability results. If the information is incorrect, please complete and send to your analyst an [Entity Profile Form](#) stating the changes and include a copy of the governing board minutes approving the change as supporting documentation. If your data is correct, thank you! We appreciate you keeping your records up-to-date.

SAIS Updates

7) FY 2013 Estimated Counts Schedule

Charters are required to submit estimated counts for the first months of each fiscal year. The data entered reflects the charter’s best estimate of their FY13 ADM. This data is used as the basis for the monthly state aid payments beginning with the August 1 payment and ending when actual 40th day ADM data is available. 40th day ADM is available for a particular charter holder once all of the schools within the holder have passed their 40th day of school plus 13 business days and aggregation has been run against the student data submitted to SAIS.

For more details on estimated counts, including submission instructions and schedule, please see [Memo 12-058](#).

For your convenience, the full schedule for Estimated Counts submissions can also be found below.

Estimated Counts Application Scheduled Open Date:	Scheduled Close Date:	Estimates Used as Basis for This Payment:
June 4, 2012	July 13, 2012 @ 4:30 pm	August 1, 2012
August 6, 2012	August 16, 2012 @ 4:30 pm	September 4, 2012
September 6, 2012	September 13, 2012 @ 4:30 pm	October 1, 2012

If your charter holder and sites have not passed 40th day plus 13 business days when aggregation is run the beginning of October and your estimates need to be revised, please contact your [School Finance Account Analyst](#) and request that a window be opened to allow you to revise your data.

8) FY2013 Monthly Processing Schedule

The first full monthly processing for the year will begin on October 1, 2012. During monthly processing, integrity is run first followed by aggregation. This first monthly processing will produce 40th day ADM for those LEAs whose schools have all hit their 40th day plus 13 business days. Updates are posted to the [IT Bulletin Board](#) throughout the processing.

40th day ADM will be used in the November 1st CHAR55-1 for those charter schools reaching their 40th day of instruction plus 13 business days prior to the date that the aggregation processing begins during the beginning of October. These charters should review 40th day ADM, SPED, and ELL reports and contact their account analyst no later than October 18th if there are questions regarding these reports.

Integrity runs for fiscal year 2013 have begun and are scheduled twice a week, beginning every Tuesday and Friday. Integrity results will be available just prior to the start of the next integrity run. Please see the IT Bulletin Board for the current status.

9) FY 2012 Statewide Recalculation

The statewide recalculation has completed. All Student Details funding reports (SdADMS75-1, SdADMS75-3, SdSPED75-1, SdSPED75-3, SdELL75-1 and SdSPED75-3) as well as the Student Counts reports (ADMS 40 series, ADMS540-1, SPED28-1 and ELLS28-1) are available and ready for your review now.

Payment Updates

10) FY2013 Budget Reduction

Soft Capital Allocation: Pursuant to [Laws 2012, 2nd Regular Session, Chapter 300, Section 13](#) (SB1529), the Department of Education is to reduce Soft Capital Allocation to school districts by \$158,120,700 in state aid. The Soft Capital Allocation Limit is also to be reduced for districts which do not receive state aid. Preliminary adjustments were included on the August 1, 2012 apportionment. Please note, this is only the preliminary adjustment. A final adjustment will be made once the FY2012 statewide recalculation ADM is available. We are planning to finalize the adjustment during the November 1, 2012 apportionment.

Capital Outlay Revenue Limit: Pursuant to [Laws 2012, 2nd Regular Session, Chapter 300, Section 17](#) (SB1529), the Department of Education is to reduce Capital Outlay Revenue Limit to school districts by \$80,864,800 in state aid. The Capital Outlay Revenue Limit is also to be reduced for districts which do not receive state aid. Preliminary adjustments were included on the August 1, 2012 apportionment. Please note, this is only the preliminary adjustment. A final adjustment will be made once the FY2012 statewide recalculation ADM is available. We are planning to finalize the adjustment during the November 1, 2012 apportionment.

Addition Assistance Reduction: The ARS Section 15-185, Subsection B, paragraph 4, Additional Assistance has been calculated based on estimated ADM submitted by the schools.

Pursuant to [Laws 2012, 2nd Regular Session, Chapter 294, Section 29](#) (SB1529) and [Laws 2012, 2nd Regular Session, Chapter 300, Section 11](#) (SB 1523), the Department of Education is to reduce Additional Assistance to charter schools by \$15,656,000. Preliminary adjustments were included on the August 1, 2012 apportionment. Please note, this is only the preliminary adjustment. **Please note: this adjustment will be reallocated and finalized after all charter schools have reached their 100th day.

The preliminary reduction amount may be found on the last page of the CHAR 64-1 report. One-twelfths (1/12) of the amount has been taken in the August 1st payment and the balance of the 11/12 amount will be taken equally from September to June 30th payments.

Non-Federal Audit Expense Adjustment: The existing School Finance procedure for determining the non-federal audit expense adjustment for both District and Charter school, pursuant to 15-914 F will continue for FY 2013. When the AFR value exceeds the audit contract limit by 25%, the contract limit will be included as the audit expense adjustment amount; otherwise the AFR value will be included as the audit expense adjustment amount.

11) Second Rollover Payback Payment

The second rollover payback payment, pursuant to S.B. 1612 Sec. 133, has been completed. The first additional state aid rollover payback payment (7/5/2012) was included in both M12 (June 30th) and M13 payment, due to the technical issue. Unfortunately, the first rollover payment for additional state aid was paid twice to all districts. The second rollover payback payment has been reduced by the overpayment amount.

12) ADM Audits conducted by ADE Audit Resolution Unit

A.R.S. §15-915, as amended by Laws 2012, Chapter 357, Section 3, requires the superintendent of public instruction, when it is determined that state aid or budget limits have been calculated in error, within the prior 3 years, to make corrections to budget limits and state aid in the current year. (Hardship application may be approved by the superintendent). Effective for audits initiated during FY 2013 and continuing in subsequent years, corrections for audit findings to both budget capacity and state aid (when applicable) will be made.

Budget Updates

13) Fiscal Year 13 BUDG25 Reports

The FY 2013 BUDG25 reports will be available online in October. The reports will be based on the October 1st APOR 55-1, the District's most recently processed FY 2013 Expenditure Budget, and will include the estimated CORL and Soft Capital budget reductions.

14) TEI updates

The updated TEI (teacher experience index) for FY2013 is included on August 1st 2012 apportionment. Please make sure to update the TEI to match with APOR55-1 report when you revise the FY2013 budget.

Questions?

If you have any questions regarding these updates, please do not hesitate to contact the following individuals relating to these areas:

- **SAIS/ADM:** Your assigned account analyst. A listing of account analysts can be found on the School Finance website at <http://www.azed.gov/finance/> within the "Contact Us" menu.
- **Payment:** The School Finance payment team at SFpaymentteam@azed.gov
- **Budget:** The School Finance budget team at SFBudgetTeam@azed.gov .