



ARIZONA STATE SENATE

Fiftieth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1456

school finance revisions

Purpose

Revises school finance statutes relating to average daily membership (ADM), audits and monitoring activities.

Background

Laws 2010, Chapter 318, defined average daily membership (ADM) as the total enrollment of students, including fractional enrollment, who are enrolled on four specific days: September 15th, November 15th, January 15th, and March 15th. This method of counting ADM was scheduled to go into use on July 1, 2011. Laws 2011, Chapter 306 delayed the implementation of the four day ADM count until July 1, 2012. ADM is one of the main components of the school finance formula. This method of counting students was adopted in 1980 when the state engaged in school finance reform, fundamentally changing how Arizona provided funds for public schools. ADM is one of the foundations of the school finance formula, as a district or charter's ADM grows so does its budget.

The Department of Education (ADE) is able to monitor school districts and charter schools in several ways. ADE may: monitor school districts to ensure they implement laws applying to them appropriately; adopt a system of recognition for school districts that meet or exceed the requirements of the law; establish standards and procedures for the accreditation of all schools requesting state accreditation; and conduct financial, compliance or ADM audits of school district and charter schools.

The anticipated fiscal impact to the state General Fund associated with this legislation is unknown.

Provisions

1. Replaces the meaning of ADM from the total enrollment of eligible students on September 15, November 15, January 15 and March 15 to the total enrollment of eligible students of each school day through the first 100 or 200 days in session, as applicable, for the current year.
2. Requires ADE to prescribe an audit window of no more than 3 fiscal years when conducting monitoring and audit activities.

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3. Allows ADE to adjust funding to a school district or charter school if ADE issues findings within 24 months after the beginning of audit or monitoring activities that resulted in overpayment or underpayment of state aid.
4. Makes technical corrections.
5. Becomes effective on the general effective date, retroactive to July 1, 2012.

Prepared by Senate Research

February 2, 2012

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