



State of Arizona
Department of Education

SCHOOL FINANCE MEMORANDUM 20-023

TO: School District Superintendents, Business Managers, Charter District Administrators, and Charter District Directors

FROM: Lyle Friesen, Deputy Associate Superintendent of School Finance

DATE: November 7, 2019

SUBJECT: FY 2020 Results-Based Funding Distribution, Eligibility Requirements, and Accounting and Expenditure Reporting

Pursuant to session law, HB 2749, Sec. 25, the Results-Based Funding fund consists of legislative appropriations in the amount of \$68,600,000. The Arizona Department of Education (ADE) shall administer and distribute monies to School District or Charter Districts for their eligible schools, based on the statutory formula. Any monies spent from the Results-Based Funding fund by a School District or Charter District shall be accounted for at the school level, and detailed expenditure reporting will be required as part of the School District or Charter District FY 2020 Annual Financial Report (AFR).

Results-Based Funding in Two Distributions

ADE School Finance will distribute Results-Based Funding in two payments. The first payment will be distributed in December 2019 and will be approximately 60% of the calculated allocation for the eligible schools of the School Districts and Charter Districts. The second payment will be distributed in May 2020 and will consist of any remaining Results-Based Funding allocation.

The first payment will be calculated based on FY 2020 student counts (FY 2019 100th Day ADM for School District eligible schools, and FY 2020 projected 100th Day ADM for Charter District eligible schools), as of Oct 31, 2019. The FY 2020 Results-Based Funding allocation file is located at:

<http://www.azed.gov/finance/2019/11/05/fy2020-results-based-funding-calculations/>

The second payment will be based on recalculated FY 2020 student counts (FY 2019 100th Day ADM for School District eligible schools, and FY 2020 AzEds ADM for Charter District eligible schools), at the time of the Results-Based Funding recalculation. This second payment will equal the recalculated annual Results-Based Funding amount minus the amount of the first payment distributed to each School District and Charter District for their eligible schools.

Current calculations indicate a shortfall of approximately 5%. A supplemental appropriation to cover the shortfall, which would be subject to legislative approval, is currently being discussed and would likely be included in the second distribution of funds later in the fiscal year. If the supplemental appropriation does not materialize, the shortfall will be allocated to each School District or Charter District school based on its recalculated annual Results-Based Funding allocation at the time of the second payment.

Results-Based Funding Eligibility Requirements

A School District or Charter District does not have to apply for Results-Based Funding for their eligible schools. The ADE School Finance will calculate the funding allocation, based on the statutory formula, for the School District or Charter District schools meeting the eligibility requirements.

1. Each school shall receive \$225 per student count if:
 - a.) fewer than 60% of the students who are enrolled meet the eligibility requirements for Free or Reduced priced lunches; or eligibility 1 & 2 for poverty; and
 - b.) the school performed in the top 13% of all schools statewide as demonstrated by the average percentage of the students who obtained a passing score on the mathematics and language arts portions of the Spring 2018 administration of the AzMERIT statewide assessment. The Spring 2018 statewide assessment results are located at <http://www.azed.gov/accountability-research/data/>

2. Each school shall receive \$400 per student count if:
 - a.) 60% or more of the students who are enrolled meet the eligibility requirements for Free or Reduced priced lunches; or eligibility 1 & 2 for poverty; and
 - b.) the school performed in the top 13% of schools, with a student population consisting of at least 60% students meeting the eligibility requirements for Free or Reduced priced lunches or eligibility 1 or 2 for poverty as demonstrated by the average percentage of the students who obtained a passing score on the mathematics and language arts portions of the Spring 2018 administration of the AzMERIT statewide assessment. The Spring 2018 statewide assessment results are located at <http://www.azed.gov/accountability-research/data/>

3. Each school shall receive \$225 per student count if:
 - a.) 60% or more of the students who are enrolled meet the eligibility requirements for Free or Reduced priced lunches; or eligibility 1 & 2 for poverty; and
 - b.) the school performed in the top 27% of schools, but not in the top 13% of schools, with a student population consisting of at least 60% students meeting the eligibility requirements for Free or Reduced priced lunches or eligibility 1 or 2 for poverty as demonstrated by the average percentage of the students who obtained a passing score on

the mathematics and language arts portions of the Spring 2018 administration of the AzMERIT statewide assessment. The Spring 2018 statewide assessment results are located at <http://www.azed.gov/accountability-research/data/>

4. Each alternative high school shall receive \$400 per student count if:
 - a.) 60% or more of the students who are enrolled meet the eligibility requirements for Free or Reduced priced lunches; or eligibility 1 & 2 for poverty; and
 - b.) the school performed in the top 27% of schools, with a student population consisting of at least 60% students meeting the eligibility requirements for Free or Reduced priced lunches or eligibility 1 or 2 for poverty as demonstrated by the average percentage of the students who obtained a passing score on the mathematics and language arts portions of the Spring 2018 administration of the AzMERIT statewide assessment. The Spring 2018 statewide assessment results are located at <http://www.azed.gov/accountability-research/data/>

Results-Based Funding Accounting and Expenditure Reporting

- 1). In accordance with A.R.S. §15-249.08, monies received must be allocated directly to enhance, expand or replicate the school site that generated the Results-Based Funding, and must not supplant monies budgeted or received from any other source that are generally provided to that school.
- 2). The majority of the monies received must be used for teacher salaries, to hire teachers, for school leader salaries, for classroom supplies and for other strategies to sustain outcomes for students at that school.
- 3). A portion of the monies received may be used for the expansion and replication of that school site as a quality school model.
- 4). The monies must be used to sustain and replicate results:
 - a. Providing for costs associated with adding seats and serving more students at the awarded school site, including students on a waiting list.
 - b. Mentoring school leaders and teachers from other sites to replicate the model and instructional practices that show results in closing the achievement gap.
 - c. Physically expanding the results-based funding model or strategies at another location to improve academic outcomes at that location and to accelerate academic growth.

Monies received should be deposited in Fund 457 (School Districts) and Project 1457 (Charter Districts). The Results-Based Funding will be included by School Districts on page 6 of the expenditure budget, and by Charter Districts on page 2 of the expenditure budget. If not included on the FY 2020 Adopted budget, these monies may be included at the time of a budget revision prior to May 15, 2020. Later, additional guidance will be provided regarding the detailed school-level expenditure reporting that will be required as part of the FY 2020 Annual Financial Report (AFR).

To provide the most effective customer service, please direct all Results-Based Funding questions in an email to the School Finance payments team inbox at sfpaymentteam@azed.gov.