

ARKANSAS DEPARTMENT OF EDUCATION
PROPOSED AMENDED RULES and Regulations GOVERNING THE DISTRIBUTION OF
CONSOLIDATION/ANNEXATION INCENTIVE FUNDING
September 2005

1.0 PURPOSE ~~Regulatory Authority~~

- 1.01 These rules shall be known as the Arkansas Department of Education Rules Governing the Distribution of Consolidation/Annexation Incentive Funding. ~~These regulations shall be known as the Arkansas Department of Education's regulations regarding the distribution of Consolidation Incentive funding.~~
- 1.02 It is the purpose of these rules to provide the method for allocation of funds to provide a monetary incentive for those school districts that are consolidating or annexing. ~~These regulations are enacted pursuant to the State Board of Education's authority Under Ark. Code Ann. § 6-11-105 (Repl. 1993), Section 20 of Act 1194 of 1995 and Ark. Code Ann. § 6-20-305 (Supp. 1995).~~

2.0 AUTHORITY ~~Purpose~~

- 2.01 The State Board of Education's authority for promulgation of these rules is pursuant to Ark. Code Ann. § 6-11-105 and Ark. Code Ann. §§ 6-13-1401 et seq. ~~It is the purpose of these regulations to provide the method for allocation of funds to provide a monetary incentive for those school districts that are consolidating or annexing.~~

2.0 DEFINITIONS

- 2.01 "Affected District" means a school district that loses territory or students as a result of annexation or consolidation.
- 2.02 "Annexation" means the joining of an affected a school district or territory part thereof with a receiving district.
- 2.03 "Average Daily Membership" (ADM) means the total number of days attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three (3) quarters of each the previous school year divided by the number of school days actually taught in the school district during that period of time rounded up to the nearest hundredth.
- 2.04 Base Local Revenue Per Student — If category 1 is fully funded, the local revenue per student in the Local School District with the highest amount of Local Revenue Per Student. If Category 1 is not fully funded, the Revenue Per Student to which the State equalizes calculated by taking the sum of:
- (1) ~~The total available state aid for State Equalization Funding per student;~~
- (2) ~~Ninety-eight percent (98%) of the Base Millage times the total state assessed valuation; and~~
- (3) ~~Seventy-five percent (75%) of Miscellaneous Funds collected in the previous year; and by dividing the sum by the total state ADM.~~
- 2.05 "Consolidation" means the joining of two (2) or more school districts or territories from two (2) or more school districts parts thereof to create a new single school district.

- 2.06 "Foundation Funding" means an amount of money specified by the General Assembly for each school year to be expended by school districts for the provision of an adequate education for each student.
- 2.07 "Foundation Funding Amount per Student" means a dollar amount established by the General Assembly to be multiplied by the ADM of the previous school year for the district foundation funding.
- 2.08 "Funding Factor" means a the funding factor shall be established by the State Arkansas Department of Education (Department) to ensure that the funding calculation calculated funding does not exceed the funds made available for that purpose consolidation incentive funding.
- 2.09 "Receiving District" means a the school district or districts that which receive territory, or pupils students, or both from an affected district as a result of under an annexation.
- 2.10 "Resulting District" means the new school district created from an affected district or districts as a result of consolidation or annexation.

3.0 DISTRIBUTION GUIDELINES

- 3.01 Consolidation/annexation incentive funding shall be determined as follows:
 - 4.01.1 One hundred percent (100%) of the incentive allowance computed as provided in these rules this section shall be added to the school district's aid the first year of consolidation/annexation. The second year of consolidation/annexation the district shall receive fifty percent (50%) of the consolidation/annexation incentive funding granted the previous year in addition to other state aid. Beginning in the third year and each year thereafter no consolidation/annexation incentive funding shall be provided. The consolidation/annexation incentive is intended to supplement the customary state aid the districts would have received had the consolidation/annexation not occurred.
 - 401.2 For those school districts not required to be consolidated/annexed in the current school year, if two (2) districts consolidate or one (1) district is annexed to another school district, multiply the prior year ADM of the smaller district by times the Base Local Revenue foundation funding amount per student by times the funding factor, where the minimum ADM applicable is one hundred (100) and the maximum ADM applicable is three hundred (300).
 - 4.01.3 For those school districts required to be consolidated/annexed in the current school year, if two (2) districts consolidate or one (1) district is annexed to another school district, multiply the current year ADM of the smaller district by the foundation funding amount per student, by the funding factor, where the minimum ADM applicable is one hundred (100) and the maximum ADM applicable three hundred (300).
 - 4.01.4 For those school districts not required to be consolidated/annexed in the current school year, if three (3) districts consolidate or two (2) districts are annexed to a third school district, multiply the total prior year ADM of the two (2) smaller districts by times the Base Local Revenue foundation funding amount per student by times the funding factor, where the

minimum ADM applicable is one hundred (100) and the maximum ADM applicable is four hundred (400).

4.01.4.1 For those school districts required to be consolidated/annexed in the current school year, if three (3) districts consolidate or two (2) smaller districts are annexed to another school district, multiply the current year ADM of the smaller district by the foundation funding amount per student, by the funding factor, where the minimum ADM applicable is one hundred (100) and the maximum ADM applicable three hundred (300).

4.01.5 For those school districts not required to be consolidated/annexed in the current school year, if four (4) or more district consolidate or three (3) districts are annexed to a fourth school district, multiply the total prior year ADM of all except the largest district by times the Base-Local Revenue foundation funding amount per student by times the funding factor, where the minimum ADM applicable is one hundred (100) and the maximum ADM applicable is five hundred (500).

4.01.5.1 For those school districts required to be consolidated/annexed in the current school year, if four (4) or more districts consolidate or three (3) districts are annexed to another school district, multiply the current year ADM of the smaller district by the foundation funding amount per student, by the funding factor, where the minimum ADM applicable is one hundred (100) and the maximum ADM applicable three hundred (300).

4.01.6 If a district is annexed by multiple school districts, the incentive funding shall be computed as in (a) — (d) 401.1 – 401.4 above. The incentive funding shall then be prorated among the receiving districts based upon the percentage of the annexed district's ADM received by each ~~the~~ receiving district.

5.00 GENERAL REQUIREMENTS

5.01 Consolidation/annexation incentive funding shall be distributed to either the resulting district(s) established after ~~an~~ consolidation or the receiving district(s) after ~~an~~ annexation.

~~5.02 For any district(s) involved in an annexation to be eligible for consolidation incentive funding, the procedure must result in the transfer of one hundred percent (100%) of the territory of the district being annexed. Where multiple schools receive a proportion of territory from the same school district, the total territory annexed by the receiving districts must equal one hundred percent (100%) of the territory of the annexed district annexed.~~

~~5.03 Financial incentives authorized under this section in these rules shall be payable only to districts which that voluntarily consolidate or voluntarily participate in an annexation procedure. No allowance will be paid to any district which is ordered consolidated, dissolved, annexed, or merged by the Department of Education by the Department to consolidate, dissolve, annex, or merge. For a district to be eligible for incentive funds, the consolidation or annexation process must be in compliance with Ark. Code Ann § 6-13-1401 et seq. 1201 § 6-13-1208 which that sets out the laws regarding consolidations and annexations.~~

- 5.04 Any district that has received consolidation/annexation incentive funds and subsequently dissolves shall be liable to the Department of ~~Education~~ for the full or apportioned amount of incentive funding received if any of the following conditions result due to the dissolution:
- 5.04.1 Districts are formed with substantially the same boundaries as the former districts prior to consolidation or annexation;
 - 5.04.2 The ability of any district to desegregate or remain desegregated is inhibited;
 - 5.04.3 The ability of the State to ensure that students are provided a quality education in an efficient manner is inhibited.
- 5.05 Any repayment due, as required in 5.04 above, shall be paid from the assets of the district prior to dissolution of the district. The Department of ~~Education~~ may withhold, from any state ~~equalization~~ funding due the district, the amount of repayment funds or a portion thereof.
- 5.06 In the event full repayment is not made as required under 5.04 above, the Department shall withhold from those districts ~~which that~~ are formed as a result of the dissolution, future state ~~equalization~~ funding in the amount of the repayment owed. The repayment shall be apportioned among the districts on a ~~per average daily membership~~ ADM basis unless the Department determines that such apportionment would be inequitable. In such case, the ~~board~~ State Board of Education shall apportion the repayment among the districts upon an equitable basis.

6.0 Repealing Clause

- ~~6.01 Rules and Regulations governing combinations adopted by the State Board on December 9, 1985, are hereby repealed.~~