

Arkansas Department of Education
Rules Governing the Funding of Public School Districts
September 2007

1.00 Authority

- 1.01 The Arkansas State Board of Education's authority for promulgating these Rules is pursuant to Ark. Code Ann. §§ 6-11-105 and 6-20-2305, and Acts 272 and 461 of the 2007 regular session.
- 1.02 These Rules shall be known as the Arkansas Department of Education Rules Governing the Funding of Public School Districts.

2.00 Purpose

- 2.01 The purpose of these Rules is to outline the various major components of state funding for public school districts.

3.00 Definitions

- 3.01 Alternative Learning Environment (ALE) funding shall be the amount required by law times the district's verified eligible ALE student's full time equivalents (FTE) in the previous school year.
- 3.02 Declining enrollment funding is provided to a school district that has experienced a decline in ADM over the two (2) immediately preceding school years.
- 3.03 English Language Learners funding is provided for students not proficient in the English language based upon approved English proficiency assessment instruments administered annually in the fall of the current school year.
- 3.04 Miscellaneous Funds means the average of those funds collected in the previous five (5) school years from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes and funds received by a school district in lieu of taxes.
- 3.05 National School Lunch Student funding shall be determined by the district's total students identified as eligible to participate in the NSLA Program divided by the district's total enrolled students as defined by current State Board rules.
- 3.06 Net revenues means actual revenues received from Ad Valorem taxes collected on behalf of a school district, multiplied by the uniform rate of tax over the total millage rate of the school district.

- 3.07 Professional Development Funding shall be equal to an amount up to fifty dollars (\$50.00) multiplied by the school district's previous year ADM.
- 3.08 Property Tax Report means a report required to provide relevant property tax information to the General Assembly to be provided by Legislative Audit.
- 3.09 Quarterly Average Daily Membership means the average daily membership for one (1) quarter of a school year used for calculating student growth funding as determined by rules promulgated by the State Board of Education.
- 3.10 Revenues means the revenues collected or received on behalf of a school district from current year Ad Valorem taxes plus homestead tax credit plus interest earned on any tax funds held in trust less all costs and net commissions of Ad Valorem taxes authorized by law that are collected or withheld for later distribution by the county offices.
- 3.11 Special Needs Isolated Funding is provided when a public school district meets the criteria established in A.C.A. 6-20-604.
- 3.12 State Foundation Aid means the amount of state financial aid provided to each school district and computed as the difference between the foundation funding amount established by the General Assembly and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus the miscellaneous funds of the school district.
- 3.13 Student Growth Funding means the amount of state financial aid provided to a school district from funds made available for the growth in the average daily membership of the school district.

4.00 Declining Enrollment/Special Needs Isolated Funding

- 4.01 Declining enrollment funding shall be distributed to a school district that has experienced a decline in average daily membership over the two (2) immediately preceding school years.
- 4.02 The declining enrollment funding shall be equal to the difference between the average of the two (2) immediately preceding years' average daily membership and the average daily membership for the previous school year multiplied by the current amount of foundation funding established by the General Assembly.

- 4.03 Special Needs Isolated Funding shall be distributed to school districts that meet the requirements outlined in A.C.A. 6-20-604.
- 4.04 Any funding appropriated and made available for declining enrollment funding or special needs isolated funding that is not distributed shall be prorated and distributed equally per average lost student to school districts that meet the qualifications of both declining enrollment funding and special needs isolated funding.

5.00 Net Revenues

- 5.01 By the end of each fiscal year, the net revenues for each district shall be calculated.
- 5.02 For a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the total property assessment of the district, the Department shall distribute to the district the difference between the net revenues of the district and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.
- 5.03 For a school district whose net revenues are more than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the district, the district shall repay the department an amount equal to the difference between the net revenues of the district and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the district.

6.00 Student Growth Funding

- 6.01 Student growth funding for public school districts will be calculated and distributed after each quarter based on the following method:
 - 6.01.1 After the end of the first quarter, one quarter (1/4) of the per student foundation funding for the school district shall be multiplied by the increase, if any, in the school district's quarterly average daily membership for the first quarter of the current school year over the average daily membership of the previous school year.
 - 6.01.2 After the end of the second quarter, one quarter (1/4) of the per student foundation funding for the school district shall be multiplied by the increase, if any, in the school district's quarterly average daily membership for the second quarter of the current school year over the average daily membership of the previous school year.

- 6.01.3 After the end of the third quarter, one quarter ($1/4$) of the per student foundation funding for the school district shall be multiplied by the increase, if any, in the school district's quarterly average membership of the previous school year.
- 6.01.4 After the end of the fourth quarter, one quarter ($1/4$) of the per student foundation funding for the school district shall be multiplied by the increase, if any, in the school district's quarterly average daily membership for the fourth quarter of the current school year over the average daily membership of the previous school year.
- 6.02 The completed fourth quarter average daily membership count will not be available until the following school fiscal year. Therefore, the final distribution for each school year shall be calculated as one half ($1/2$) of the per student foundation funding for the school district multiplied by the increase, if any, of the school district's quarterly average daily membership for the third quarter of the most current completed school year over the average daily membership of the previous school year.
- 6.03 After the calculation in section 6.01 is completed, an adjustment shall be made in the district's growth funding for the district in the following school year to be based on actual fourth quarter growth as determined in section 6.01.4 or the school district shall refund the overpayment in growth funding to the Department of Education.
- 6.04 Increases in average daily membership resulting solely from consolidation or annexation shall be excluded from the growth funding calculation
- 6.05 No district shall receive both declining enrollment funding and student growth funding.