

**MARK-UP COPY**  
**Draft of Arkansas Department of Education**  
**Rules Governing the Calculation Methods for Declining Enrollment and Student**  
**Growth Funding of for Public School Districts**

**September 2007 August 10, 2009**

**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 2301 et seq., and ~~Acts~~ Act 1501 272 and 461 of the 2009 Regular Session ~~2007 regular session.~~
- 1.02 These Rules shall be known as the Arkansas Department of Education Rules Governing the Calculation Methods for Declining Enrollment and Student Growth Funding of for Public School Districts (Rules)

**2.00 Purpose**

- 2.01 The purpose of these Rules is to ~~outline the various major components of state~~ provide the calculation methods for Declining Enrollment and Student Growth 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.~~ Average Daily Membership (ADM) means the total number of days of school 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 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.
- 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.~~ Current Year means the present fiscal year, in progress, beginning on July 1 and ending on the following June 30.
- 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.~~ Declining Enrollment Funding means the amount of state financial aid provided to an eligible school district from funds made available for a decline in ADM occurring between the prior year and the fiscal year prior to the prior 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.~~ Fiscal Year means the annual school year

for Arkansas that consists of the twelve-month period beginning July 1 and ending on the following June 30.

- 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. Fiscal Year Prior to the Prior Year means the fiscal year preceding the prior year.~~
- 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. Isolated Special Needs Funding means the amount of funding provided for an eligible school district meeting the criteria established in Ark. Code Ann. § 6-20-604.~~
- 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. Prior Year means the fiscal year immediately preceding the current year.~~
- 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 ~~3.08 Quarterly Average Daily Membership means the average daily membership ADM for one (1) quarter of a school year used for calculating student growth funding pursuant to Section 5.0 of this Rule 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 ~~3.09 Student Growth Funding means the amount of state financial aid provided to a an eligible school district from funds made available for the growth in the average daily membership ADM occurring between each current year quarter over the prior year three-quarter ADM of the school district.~~

#### **4.00 Declining Enrollment/~~Special Needs Isolated Funding~~**

- 4.01 ~~Declining enrollment funding shall be distributed to a~~ is provided for an eligible school district that has experienced a decline in average daily membership ADM over the two (2) immediately preceding school years in the prior year compared to the fiscal year prior to the prior year.

- 4.02 ~~The declining~~ Declining enrollment funding shall be is 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 ADM of the prior year, subtracted from the average of the ADM of the prior year and the ADM of the fiscal year prior to the prior 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.~~ No school district shall receive both declining enrollment funding and isolated special needs funding under AR Code Ann. § 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.~~ No school district shall receive both declining enrollment funding and student growth funding under AR Code Ann. § 6-20-2305. These two funding categories are calculated using ADM data from two different time periods. Therefore, within one fiscal year, it is possible for a school district:
- 4.04.1 To qualify for declining enrollment funding due to a decline in prior year ADM compared to the fiscal year prior to the prior year; and
- 4.04.2 To qualify for student growth funding due to growth in ADM occurring between one or more of the current year quarters over the prior year three-quarter ADM.
- 4.05 The ADE will provide funding of the category or categories of funding that yields the most funding to the school district. The ADE will compare student growth to declining enrollment funding, isolated special needs to declining enrollment funding, or student growth plus isolated special needs funding to declining enrollment funding.
- 4.06 Declining enrollment funding is unrestricted funding. However, under AR Code Ann. § 6-20-2305 (g), each school district receiving declining enrollment funding shall submit to the ADE a report listing the amount of declining enrollment funding received under AR Code Ann. § 6-20-2305 (b), how the funds were expended, the amount expended, and any other information required by the ADE. This report shall be submitted through the Arkansas Public School Computer Network (APSCN) in Cycle 9.

## **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~~ **5.00 Student Growth Funding**

~~6.01~~ 5.01 Student growth funding for public school districts will be is calculated as the sum of the following amounts and distributed after each quarter based on the following method:

~~6.01.1~~ 5.01.1 ~~After the end of the first quarter, one~~ One quarter (1/4) of the current amount of per student foundation funding as established by the General Assembly 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.

5.01.1.1 Current year first quarter ADM over prior year three-quarter ADM;

5.01.1.2 Current year second quarter ADM over prior year three-quarter ADM;

5.01.1.3 Current year third quarter ADM over prior year three-quarter ADM;  
and

5.01.1.4 Current year fourth quarter ADM over prior year three-quarter ADM.

~~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.~~

5.02 By January 31 of each year, the ADE shall calculate an amount of student growth funding using the current year quarterly ADM for the first quarter and an estimation of the ADM for the second, third, and fourth quarters. No less than sixty percent (60%) of this amount will be distributed to eligible school districts by January 31.

5.03 The estimated ADM for quarters two, three, and four will be calculated by multiplying the current year quarter one ADM by the respective percentage change in prior year ADM for quarters two, three, and four over prior year quarter one ADM.

5.04 By April 30 of each year, the ADE shall distribute to eligible school districts, forty percent (40%) of the amount calculated above (or the balance if less than 40% remains).

5.05 By July 31 of each year, the ADE shall calculate the amount of student growth funding using the actual quarterly ADM for all four (4) quarters of the applicable school year.

5.06 By August 31 of the fiscal year following the year in which the estimated student growth funding is received, if the actual amount is:

5.06.1 More than the estimated amount, the ADE shall distribute the difference to the school district; or

5.06.2 Less than the estimated amount, the school district shall refund the difference to the ADE.

~~6.04~~ 5.07 Increases in average daily membership resulting solely from consolidation or annexation shall be excluded from the student growth funding calculation

~~6.05~~ 5.08 No school district shall receive both declining enrollment funding and student growth funding.

5.09 Student growth funding is unrestricted funding.