

1 State of Arkansas *As Engrossed: S3/18/19 H4/3/19 H4/3/19*  
2 92nd General Assembly  
3 Regular Session, 2019

# A Bill

SENATE BILL 535

4  
5 By: Senators B. Johnson, *E. Cheatham*  
6 By: Representatives Murdock, *Dotson*

## For An Act To Be Entitled

9 AN ACT CONCERNING THE ACADEMIC FACILITIES WEALTH  
10 INDEX; TO REVISE THE METHOD BY WHICH THE ACADEMIC  
11 FACILITIES WEALTH INDEX IS CALCULATED; AND FOR OTHER  
12 PURPOSES.

### Subtitle

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16 TO REVISE THE METHOD BY WHICH THE  
17 ACADEMIC FACILITIES WEALTH INDEX IS  
18 CALCULATED.

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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

22  
23 SECTION 1. Arkansas Code § 6-20-2502(1), concerning the calculation of  
24 the "academic facilities wealth index" in the Arkansas Public School Academic  
25 Facilities Funding Act, is amended to read as follows:

26 (1)(A) For fiscal years 2024-2025 and each year thereafter,  
27 "~~Academic~~ academic facilities wealth index" means a percentage derived from  
28 the following computations:

29 (i) Determine the value of one (1) mill per student  
30 in each school district as follows:

31 (a) Multiply the value of one (1) mill by the  
32 total assessed valuation of taxable real, personal, and utility property in  
33 the school district as shown by the applicable county assessment for the most  
34 recent year; and

35 (b) Divide the product from subdivision  
36 (1)(A)(i)(a) of this section by the largest average daily membership of a



1 school district over the previous decade;

2 (ii)(a) Calculate each school district's relative  
 3 median income by dividing the household median income for the area served by  
 4 each school district by the household median income of the school district  
 5 with the highest household median income.

6 (b) The household median income used in  
 7 subdivision (1)(A)(ii)(a) of this section shall be the household median  
 8 income as estimated by the United States Bureau of the Census's American  
 9 Community Survey;

10 (iii) Calculate the median income per mill value by  
 11 multiplying each school district's value of one (1) mill per student as  
 12 calculated under subdivision (1)(A)(i) of this section by the school  
 13 district's relative median income as calculated under subdivision  
 14 (1)(A)(ii)(a) of this section; and

15 (iv) Identify the school district at the ninety-  
 16 fifth percentile according to the value calculated under subdivision  
 17 (1)(A)(iii) of this section by:

18 ~~(i) Determine the value of one (1) mill per~~  
 19 ~~student in each school district as follows:~~

20 ~~(a) Multiply the value of one (1) mill~~  
 21 ~~by the total assessed valuation of taxable real, personal, and utility~~  
 22 ~~property in the school district as shown by the applicable county assessment~~  
 23 ~~for the most recent year; and~~

24 ~~(b) Divide the product from subdivision~~  
 25 ~~(1)(A)(i)(a) of this section by the greater of the prior year average daily~~  
 26 ~~membership of the school district or the prior three year average of the~~  
 27 ~~school district's average daily membership;~~

28 ~~(ii)(a) Determine~~ Determining student millage  
 29 rankings by listing the ~~computation~~ median income per mill value under  
 30 subdivision ~~(1)(A)(i)~~ (1)(A)(iii) of this section for each school district  
 31 from ~~students~~ districts with the lowest ~~value~~ median income per mill value to  
 32 ~~students~~ school districts with the highest ~~value~~ median income per mill  
 33 value;

34 ~~(iii)(b) Allocate~~ Allocating the student  
 35 millage rankings into percentiles with the first percentile containing the  
 36 one percent (1%) of students based on the prior year average daily membership

1 with the lowest value per mill and the one-hundredth percentile containing  
2 the one percent (1%) of students with the highest value per mill; ~~and~~

3 ~~(iv)(c) Divide the value of one (1) mill per~~  
4 ~~student in each school district~~ Dividing the median income per mill value as  
5 computed under subdivision ~~(1)(A)(i)~~ (1)(A)(iv)(a) of this section by the  
6 amount corresponding to the ninety-fifth percentile of the student millage  
7 rankings under subdivision ~~(1)(A)(iii)~~ (1)(A)(iv)(b) of this section; and

8 (d) Every school district with a wealth  
9 index of one (1.00) or greater will be funded at the same level as the first  
10 school district with a wealth index below one (1.00), except that funding  
11 under this subdivision (1)(A)(iv)(d) shall not exceed the amount of funding  
12 provided to a school district with a wealth index of nine hundred and ninety-  
13 five one-thousandths (0.995).

14 (B) For fiscal years 2022-2023, "academic facilities  
15 wealth index" means a percentage derived from the following computations:

16 (i) Determine the value of one (1) mill per student  
17 in each school district as follows:

18 (a) Multiply the value of one (1) mill by the  
19 total assessed valuation of taxable real, personal, and utility property in  
20 the school district as shown by the applicable county assessment for the most  
21 recent year; and

22 (b) Divide the product from subdivision  
23 (1)(B)(i)(a) of this section by the prior year average daily membership of  
24 the school district or the prior three-year average of the school district's  
25 average daily membership, whichever is greater;

26 (ii) Determine student millage rankings by listing  
27 the computation under subdivision (1)(B)(i) of this section for each school  
28 district from school districts with the lowest value per mill to school  
29 districts with the highest value per mill;

30 (iii) Allocate the student millage rankings into  
31 percentiles with the first percentile containing the one percent (1%) of  
32 students with the lowest value per mill and the one-hundredth percentile  
33 containing the one percent (1%) of students with the highest value per mill;

34 (iv) Divide the value of one (1) mill per student in  
35 each school district as computed under subdivision (1)(B)(i) of this section  
36 by the amount corresponding to the ninety-fifth percentile of the student

1 millage rankings under subdivision (1)(B)(iii) of this section.

2 (v) Every school district with a wealth index of one  
3 (1.00) or greater will be funded at the same level as the first school  
4 district with a wealth index below one (1.00), except that funding under this  
5 subdivision (1)(B)(v) shall not exceed the amount of funding provided to a  
6 school district with a wealth index of nine hundred and ninety-five one-  
7 thousandths (0.995).

8 (vi) Subtract the academic facilities wealth index  
9 as determined under subdivisions (1)(B)(iv) and (1)(B)(v) of this section  
10 from the academic facilities wealth index as determined under subdivision  
11 (1)(A)(iv) of this section;

12 (vii) Divide the result from subdivision (1)(B)(vi)  
13 of this section by two (2); and

14 (viii) Add the value from subdivision (1)(B)(iv) of  
15 this section with the number calculated in subdivision (1)(B)(vii) of this  
16 section.

17 ~~(B) Every school district with a wealth index of one~~  
18 ~~(1.00) or greater will be funded at the same level as the first school~~  
19 ~~district with a wealth index below one (1.00), except that funding under this~~  
20 ~~subdivision (1)(B) will not exceed the amount of funding provided for a~~  
21 ~~wealth index of nine hundred ninety five thousandths (0.995).~~

22 (C)(i) The percentage derived from the computation under  
23 subdivision (1)(A)(iv) of this section is the academic facilities wealth  
24 index for a school district, which shall be computed annually and used to  
25 determine the amount of the school district's share of financial  
26 participation in a local academic facilities project eligible for state  
27 financial participation under priorities established by the Division of  
28 Public School Academic Facilities and Transportation.

29 (ii) The state's share of financial participation in  
30 a local academic facilities project eligible for state financial  
31 participation under priorities established by the division is the percentage  
32 derived from subtracting the school district's percentage share of financial  
33 participation determined under subdivision (1)(C)(i) of this section from one  
34 hundred percent (100%)+.

35 (D) A school district identified as a high-growth school  
36 district as defined in § 6-20-2511 shall receive the lesser of the wealth

1 index as calculated under the formulas under subdivision (1)(A) and (1)(B) of  
2 this section until the school district fails to meet the definition of a  
3 high-growth school district as defined in § 6-20-2511 for two (2) consecutive  
4 years;

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/s/B. Johnson

**APPROVED: 4/17/19**