



## Research Report

# Academic Facilities Funding, Expenditures and Distress

**November 29, 2017**

**Prepared for**

**THE HOUSE INTERIM COMMITTEE ON EDUCATION  
AND THE SENATE INTERIM COMMITTEE ON EDUCATION**



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## HISTORY OF FACILITIES FUNDING

In a May 25, 2001 decision by Judge Kilgore of the Chancery Court of Pulaski County, in *Lake View School District No. 25 v. Huckabee*, the court found that “[school] [b]uildings properly equipped and suitable for instruction are critical for education and must be provided”:

“...the equal protection and opportunities guaranteed by Article 2, § 2, 3, and 18 have not been provided in that every school district does not have an equal opportunity to build, renovate and/or maintain the necessary physical plant. To provide an equal opportunity, the State should forthwith form some adequate remedy that allows every school district to be on equal footing in regard to facilities, equipment, supplies, etc. Under Arkansas Constitution Article 14, s1 and Article 2, ss 2, 3, and 18, school districts throughout the State must provide substantially equal buildings properly equipped and suitable for instruction of students. Denying these facilities based solely on the district’s location in a poorer part of the State is not a compelling reason for the State to abandon its constitutional obligations.”

The court directed the state to develop a remedy to address the facilities issues. The 84th General Assembly created the Joint Committee on Educational Facilities in 2003. The committee was charged with making recommendations to the General Assembly regarding its responsibilities to provide adequate and substantially equal educational facilities for the state of Arkansas. Act 84 of the Second Extraordinary Session of 2003 appropriated \$10 million for a statewide facilities assessment, and Act 85 of that session provided the funding. The Joint Committee on Educational Facilities created a legislative task force to assess facilities needs with the help of consultants, and on November 30, 2004, the task force filed its Arkansas Statewide Educational Facilities Assessment – 2004. The report estimated that the total cost of bringing facilities up to proposed building standards would be \$2,278,200,457.

On February 22, 2005, the task force filed an addendum to the report that decreased the total cost by \$348 million. The reduction was due to the elimination of the costs of “playfields, tennis courts, and abandoned buildings” that were no longer used for instructional purposes. The cost was also reduced due to “further data analysis and input from local school districts.” The addendum categorized the remaining \$1.93 billion worth of deficiencies into nine major deficiency classifications. The highest priority category was known as “safe, dry and healthy.” The deficiencies in that category consisted of building needs related to fire and safety issues, roofing, windows and exit doors, plumbing, major electrical, HVAC, and structural needs that were important to providing a safe and comfortable environment, maintaining the integrity of the building envelope, or maintaining an operational status from a mechanical, electrical or plumbing standpoint.

Following the assessment, the General Assembly passed Act 1426 of 2005, creating the Arkansas Public School Academic Facilities Program. The act asserted that the state should:

1. “Provide constitutionally appropriate public school academic facilities” for each student regardless of where the student lives;
2. “Require all public school academic facilities to meet applicable facilities standards”; and
3. “Provide that all public school students are educated in facilities that are suitable for teaching.”

Act 1426 also established the **facilities distress program** and called for the creation of three **facilities manuals containing standards for the maintenance, construction, and equipment** necessary for providing an adequate education. During that same legislative session, the General Assembly passed Act 2206, which created four funding programs for facilities construction and renovation; Act 2138, which appropriated \$120 million for those funding programs over two years; and Act 1327, which established the **Commission for Arkansas Public School Academic Facilities and Transportation** (Facilities Commission) to

be responsible for implementing the academic facilities programs. The four funding programs created during that legislative session were:

1. The **Immediate Repair Program** (§ 6-20-2504 [repealed]) was created to provide funding for immediate repair needs that school districts had on January 1, 2005, as determined by the 2004 Educational Facilities Assessment report from the Task Force to the Joint Committee on Educational Facilities. The Immediate Repair Program paid for repairs to structures — such as heating and air systems, roofs, and water supply equipment — of school districts that applied for funding by July 1, 2005. The program expired by statute January 1, 2008.

Program	Total State Funding Provided to Districts	Projects Completed	Districts
Immediate Repair	\$28,079,953	239	123

2. The **Transitional Program** (§ 6-20-2506) was designed to reimburse school districts for projects that were under design or in construction prior to the start of the Partnership Program. The Transitional Program paid for new debts incurred between January 2005 through June 2006. The Transitional Academic Facilities Program ended July 1, 2009.

Program	Total State Funding Provided to Districts	Projects Completed	Districts
Transitional	\$86,000,000	213	96

3. The **Catastrophic Program** (§ 6-20-2508) authorizes the Arkansas Division of Public School Academic Facilities and Transportation (Facilities Division) to distribute state funding to school districts for emergency facility projects due to an act of God or violence. The purpose of the funding is to supplement insurance or other public or private emergency assistance.

Program	Total State Funding Provided to Districts	Projects	Districts
Catastrophic	\$2,836,918	13	13

4. The **Academic Facilities Partnership Program** is the state's main school facilities funding program for ongoing facilities construction needs. The state and the districts share the cost of school facilities construction based on the wealth of each school district. Under the program, the Facilities Division helps schools identify immediate and long-term building needs and distributes funding for a portion of the cost of necessary construction. The Partnership Program funds new construction projects and major renovations, not general repair or maintenance.

Following the 2005 legislative session, in October 2005, the Special Masters, who were appointed by the Arkansas Supreme Court to examine issues raised in the Lake View lawsuit, noted, "The funds appropriated for facilities repair, renovation and construction during this biennium (\$120,000,000) do not come close to addressing the state's public school facilities needs." The court agreed, noting, "Facilities funding, by all appearances, falls short."

In response, the General Assembly passed Act 20 in the April 2006 Extraordinary Session. That legislation appropriated an additional \$50 million for the Partnership and Transitional facilities programs (\$25 million each) for FY2005-06, delaying a more permanent fix until the 2007 regular session.

Act 20 also included special language to protect the Educational Facilities Partnership Program from the doomsday clause [§ 19-5-1227(d)]. The doomsday clause calls for the reduction in the General Revenue allocated to all other state agencies and programs if the Department of Education does not have enough revenue to fully fund what the General Assembly has determined to be the amount necessary for an adequate education. The new protection was the

result of the House and Senate Education Committees' determination that the Public School Academic Facilities Program and related funding sources are integral parts of the concept of "adequacy."

The General Assembly also passed Acts 34 and 35 in the 2006 Extraordinary Session, creating the **Academic Facilities Extraordinary Circumstances Program**. This program was designed to respond to a concern that some districts would not be able to raise enough money locally to provide their share of the Partnership Program. Without this local match, these districts would be unable to tap into available state funds.

Having taken some limited measures during the 2006 Extraordinary Session, the General Assembly aggressively responded to the Supreme Court's criticisms during its 2007 regular session. The Legislature passed Act 1237 of 2007, which appropriated about \$455.5 million in state surplus funding to support the Partnership Program.

The General Assembly also passed Act 995 of 2007, which called for the creation of an **interest-free loan program for high-growth districts**. Only districts with at least 4% annual growth in average daily membership (ADM) are eligible for the high-growth loans. Qualifying districts are eligible for loans necessary for any academic facilities-related debt that exceeds the amount of revenue generated in the district from 10 mills.

Following the 2007 session, the Supreme Court reviewed the Legislature's latest facilities efforts and found the infusion of \$455.5 million in new funding commendable. In May of that year, the court released the state from court supervision.

## FACILITIES FUNDING, SOURCES AND EXPENDITURES

State facilities funding has generally drawn from three funding sources:

1. **General Revenue:** The Partnership Program receives about \$35 million annually in General Revenue. The Revenue Stabilization Act allocation for FY2018 is \$38,554,951.
2. **Savings from older facilities funding programs being phased out:** Before the Partnership Program was created, the state helped districts with construction through three funding programs: General Facilities Funding, Supplemental Millage Incentive Funding and Bonded Debt Assistance. For two of these programs—General Facilities Funding and Supplemental Millage Incentive Funding—the funding commitments to districts were phased out over 10 years, resulting in the state paying districts less money each year. The two programs, however, collectively continued to receive level funding each year, about \$18.1 million annually, resulting in increased funding left over after distribution to the districts. For a number of years, this leftover funding was transferred to the Partnership Program. However, Act 1 of the 1<sup>st</sup> Extraordinary Session of 2013 redirected the transfer from the two programs to support the Public School Employee Health Insurance program, starting in 2014-15. The third program, Bonded Debt Assistance, however, remains a funding source for the Partnership Program. As its distributions to districts decrease, the remaining funds are transferred to the Partnership Program. Act 1044 of 2017 appropriated the regular level of \$28,455,384 for Bonded Debt Assistance, and the estimated amount of remaining funds to be transferred to the Partnership Program for FY2018 is \$16,312,862.

3. **Fund transfers and balances:** The \$455.5 million the General Assembly provided in 2007 has been the main component of this funding source, and it sustained the program for about the first eight years of the Partnership Program. However, those funds began to run short around 2015. During the 2014 Adequacy Study, the Facilities Division testified that there were \$65 million in facilities needs for the 2015-17 biennium that had not been funded. The Education Committees, in their final Adequacy Study report, recommended providing funding to meet those needs. During the 2015 legislative session, the General Assembly provided the Partnership Program with an additional \$40 million in General Improvement Funds. Funding shortages were again an issue during the 2016 Adequacy Study. In a supplement to their 2016 final Adequacy Study report, the Education Committees again recommended providing additional funding to support approved Partnership Program projects. The Education Committees recommended that the General Assembly provide up to \$100 million in new state funding for the next biennium. Act 1123 of 2017 provided \$60 million from the Rainy Day Fund and the Department of Education transferred another \$30 million from the Public School Fund during the interim using a resource allocation that was approved by the Arkansas Legislative Council. As of Oct. 31, 2017, the \$60 million from the Rainy Day Fund had not been released to the Facilities Division.

The following chart shows the funding amounts provided to the Facilities Division for all facilities funding since the new programs were created. Including the \$456 million funding, facilities programs have received an average of about \$102 million annually between 2006 and 2018 (2018 is preliminary).

State Facilities Funding				
Fiscal Year	General Revenue	Transfers from Savings in Predecessor Programs	Other Funding (or Funding Reductions)	Total Annual Funding
FY2005			\$20,000,000	\$20,000,000
FY2006			\$52,442,524	\$52,442,524
FY2007	\$35,000,000	\$5,211,326	\$48,960,424	\$89,171,750
FY2008	\$35,000,000	\$10,534,873	\$455,597,052	\$501,131,925
FY2009	\$35,000,000	\$14,140,709		\$49,140,709
FY2010	\$33,633,641	\$18,163,282	(\$17,301,487)	\$34,495,436
FY2011	\$34,828,951	\$20,391,765		\$55,220,716
FY2012	\$35,345,364	\$22,654,247	(\$2,000,000)	\$55,999,611
FY2013	\$34,828,951	\$25,144,317		\$59,973,268
FY2014	\$34,828,951	\$27,477,005	\$20,000,000	\$82,305,956
FY2015	\$34,828,951	\$13,690,010		\$48,518,961
FY2016	\$41,828,951	\$14,447,258	\$40,000,000	\$96,276,209
FY2017	\$41,828,951	\$15,295,120		\$57,124,071
FY2018 (Est.)	\$38,554,951*	\$16,312,862	\$90,000,000*	\$144,867,813
				<b>\$1,346,668,949</b>

\*Under Acts 1127 and 1083 of 2017, the Revenue Stabilization Amendment, the Partnership Program was provided \$31,828,951 in the "A" category and another \$10 million in the "B" category. To date, 67.26% of "B" has been funded. If the full amount is funded, the Division would receive a total of \$41,828,951 in General Revenue for FY18.

The following table shows total state expenditures for the facilities programs. This represents money the Facilities Division has spent. Between 2006 and 2017, the state has spent an average of about \$86.5 million annually.<sup>1</sup>

State Facilities Expenditures					
Fiscal Year	Immediate Repair	Transitional Academic Facilities	Partnership	Catastrophic	Total
FY2005	\$0	\$0	\$0	\$0	\$0
FY2006	\$14,823,794	\$15,791,117	\$0	\$0	\$30,614,912
FY2007	\$11,389,313	\$54,035,149	\$17,631,819	\$0	\$83,056,281
FY2008	\$1,866,846	\$12,532,629	\$90,460,859	\$135,326	\$104,995,661
FY2009		\$3,641,105	\$118,688,682	\$216,327	\$122,546,114
FY2010			\$111,508,049	\$1,853,136	\$113,361,185
FY2011			\$120,734,428	\$77,425	\$120,811,853
FY2012			\$93,302,830	\$114,178	\$93,417,008
FY2013			\$94,509,046	\$146,364	\$94,655,410
FY2014			\$56,219,864	\$250,552	\$56,470,416
FY2015			\$53,298,055	\$43,610	\$53,341,665
FY2016			\$90,671,609		\$90,671,609
FY2017			\$73,790,144		\$73,790,114
<b>Total</b>	<b>\$28,079,953</b>	<b>\$86,000,000</b>	<b>\$920,815,385</b>	<b>\$2,836,918</b>	<b>\$1,037,732,258</b>

As of November 28, 2017, the Facilities Division has provided to districts or committed to providing them a total of \$1,330,066,873 in total facilities funding through FY18 (that figure includes the cost of consultants hired by the Division), and the Division has received or is expected to receive through FY18 a total of \$1,346,668,949 since the facilities programs inception. That leaves about **\$16.6 million in excess funding to be used to fund future projects**, including those already approved for FY19.

## PARTNERSHIP PROGRAM

Every two years, districts apply for Partnership Program funding, and the Facilities Commission approves projects that qualify for funding, as it is available. The Partnership Program does not pay for anything that “could be classified as maintenance, repair, [or] renovation other than a total renovation project” (Rules governing the Academic Facilities Partnership Program, 3.19.1). Generally, only projects that cost more than \$300 per student or a total of at least \$150,000 qualify for funding. Open enrollment charter schools are not eligible for Partnership Program funding.<sup>2</sup> The Partnership Program provides funding for districts to pay for the following types of facilities projects:

1. New construction needed to ensure a **warm, safe and dry** environment: There are two types of projects that qualify as warm, safe and dry:
  - **Systems:** These projects support facilities’ basic systems needs, such as fire alarms or replacement of a building’s roof, plumbing, HVAC, or electrical system. The Facilities Commission approved (though not necessarily funded) 142 warm, safe and dry systems projects in the most recent funding cycle.
  - **Space Replacement:** A renovation or construction project to replace an existing building or space that the Facilities Division determines does not provide a warm, safe

<sup>1</sup> The total state expenditures include some state-level administrative costs of running the facilities funding programs. As a result, these numbers do not match exactly the amounts of funding provided to school districts for facilities projects.

<sup>2</sup> Act 739 of 2015 created the Open-Enrollment Charter School Facilities Funding Aid Program and Act 735 of 2015 transferred \$5 million in money available from a charter school facilities loan fund for this program. Since then, about \$5 million has been provided for each of the last two years.

and dry environment. According to the Division’s criteria, a facility qualifies as a WSD space replacement project if the cost of bringing the facility up to current standards is at least 65% of the cost of completely replacing it. The Facilities Commission approved 27 warm, safe and dry space replacement projects in the most recent funding cycle.

2. **New facilities:** New facilities are newly constructed buildings, not renovations of or additions to existing buildings. These projects are typically necessary due to enrollment growth in the district. If a non-growing district applies for funding under the “new facility” category and the district does not plan to build at least 50% more space than it is demolishing, the Division recategorizes the project as a WSD-Space Replacement project.
3. **Add-ons or conversions:** Academic areas that are added to an existing building or projects that convert space for another academic use.

New facilities, add-ons and conversions are also collectively known as space projects.

4. Projects resulting from a **district consolidation or annexation:** A new building or addition that supports a voluntary consolidation or annexation.

The Partnership Program pays for K-12 academic facilities, which are defined as buildings or spaces “where students receive instruction that is an integral part of an adequate education” (Rules 3.01). Administration buildings, pre-K buildings and education service cooperatives are not considered academic facilities. Districts are required to submit a six-year master plan for their budgeting and planning for ongoing facilities needs, and the Partnership Program does not pay for any construction projects not included in districts’ master plans. The Partnership Program also does not pay for the purchase of land, mold abatement or environmental site clean-up.

**PARTNERSHIP PROGRAM PRIORITIZATION**

Approved projects are prioritized by project type, with the top priority projects being funded first. Approved projects are ordered by the prioritization criteria established by Division rules, and available funding is committed to projects starting with those with the highest priority and ending where the funding stops, usually with some approved projects unfunded. If a district decides against moving forward with an approved and funded project—either due to a failed millage or some other reason—the funding for that project is freed to pay for the next project on the approved projects list.

2013-15	2015-17	2017-19	2019-21 and beyond
Warm, Safe and Dry (All Project Types)	Warm, Safe and Dry (Systems) (up to \$10 million annually)	Warm Safe and Dry (Systems) (up to \$10 million annually)	New Facilities, Add-Ons, Conversions (Space)
New Facilities and Add-Ons	New Facilities, Add-Ons, Conversions (Space)	New Facilities, Add-Ons, Conversions (Space)	Warm, Safe and Dry (Space Replacement)
Conversions	Warm, Safe and Dry (Space Replacement)	Warm, Safe and Dry (Space Replacement)	Warm, Safe and Dry (Systems)
Consolidation/Annexation Projects	Consolidation/Annexation Projects	Consolidation/Annexation Projects	Consolidation/Annexation Projects

This prioritization has been reordered in recent years to favor construction projects for growing districts. From the program’s inception, warm, safe and dry (WSD) projects were treated as the Partnership Program’s highest priority, reflecting the original assessment of the Task Force to the Joint Committee on Academic Facilities. As a result, WSD projects were funded first. In 2013, the Facilities Division changed the rules creating two types of warm, safe and dry projects: systems and space replacement. For two funding cycles (2015-17 and 2017-19), the rules capped the funding available for WSD systems projects at \$10 million.

The change was made in an effort to discourage districts from avoiding necessary maintenance on their existing facilities. The Division found that some districts may have stopped providing certain maintenance, assuming that when the equipment/structure’s expected lifecycle ended, they would qualify for funding as a warm, safe and dry project with its high priority funding. Funding for routine maintenance is provided to districts through foundation funding, and districts are required to spend at least 9% of their annual foundation funding on maintenance and operations needs (§ 6-21-808(d)(1)(A)). The \$10 million annual cap resulted in 28 of the 75 approved WSD systems projects not being funded in the 2015-17 funding cycle as of the end of August 2017. (At least one of those projects received funding after August, when higher priority, funded WSD systems projects were cancelled.)

To collect anecdotal information about the impact of the prioritization policies, the Bureau of Legislative Research (BLR) emailed a small sample of superintendents in districts that had approved WSD systems projects in the 2015-17 cycle that were not funded. The BLR asked these superintendents how they addressed the situation without Partnership funding. The table below provides the responses of three of the superintendents contacted.

Approved, But Not Funded Projects	Actions Taken to Address Facilities Needs Without Partnership Program Funding
New HVAC system and roof for the high school	Patching the roof and replacing one HVAC unit at a time as needed.
New roof for an elementary school and HVAC system for the junior high school	Recently completed the HVAC replacement at the elementary school using district funds because “the situation could no longer be postponed.” The district is also completing a third of the HVAC system at the junior high using district funds. “[W]e are taking care of the most critical area first since it can not be delayed any longer. We couldn't do the entire project due to funding constraints.”
New roof for an elementary school	Postponed the project until a recent call that the Facilities Division had \$331,000 that was freed by a cancelled project. The district was informed that this is all the money the Division would provide for the project because it is the total available. The district accepted the funding even though officials anticipate the project will exceed that amount.

The 2013 rules change made new facilities, additions and conversions the second priority and the WSD space replacements the third priority. Beginning with the 2019-21 funding cycle, WSD systems projects will fall to the third priority, as illustrated in the table on the previous page.

Because the Facilities Division recategorizes applications for new facilities projects as WSD space replacement projects if the district is not building at least 50% more space than it is demolishing, districts with a steady or declining enrollment will fall into the lower priority category. When there is enough funding to cover all space projects, the lower priority level may not be a hindrance for WSD space replacement projects. (In fact, all approved space and WSD space replacement projects in the 2015-17 funding cycle were ultimately funded.) However, if funding is limited, the WSD categorization may prohibit some needed projects from being funded.

Within each category, projects are ranked on the basis of different criteria. The following table shows the ranking criteria for each type of project.

Project Type	Ranking Basis
Warm, Safe and Dry (Systems)	<ul style="list-style-type: none"> <li>Facilities Wealth Index</li> <li>ADM</li> </ul> Ranking favors low wealth index and low ADM.
New Facilities, Add-Ons, Conversions (Space)	<ul style="list-style-type: none"> <li>10-year actual growth rate of student population</li> </ul> Ranking favors districts with the highest percentage of growth.
Warm, Safe and Dry (Space Replacement)	<ul style="list-style-type: none"> <li>Campus value, which is the value of all buildings on a campus. Building value is a calculation reflecting its depreciated value that is based solely on the age of the building. It does not consider improvements that may have been made to the building.</li> <li>Facilities Wealth Index</li> </ul> Ranking favors campuses with the oldest buildings and the lowest wealth index

**PARTNERSHIP PROGRAM: CURRENT FUNDING CYCLE**

For the 2017-19 cycle, the Division approved **128 projects for the first year** of the cycle and another **83 projects for the second year**. However, projects approved for the program are not guaranteed to actually receive funding. Districts with higher priority projects under the prioritization system are more likely to be funded. The line between approved projects that are funded and approved projects that are not funded depends on the total amount of money the Partnership Program has to distribute. Of the 128 projects approved for the first year, **78 were funded**.

Because of the \$10 million cap on the funding for WSD System projects, just 30% of those projects submitted for the first year of the biennium were approved and funded for the 2017-19 cycle. The remaining 50 approved WSD System projects (70%) were not funded.

	Total Approved Year One 2017-19 Cycle	Total Funded Year One	Total Year One Not Funded as of April 27, 2017
WSD System	71	21	50
WSD Space Replacement	22	22	0
New Facilities, Add-Ons and Conversions	35	35	0

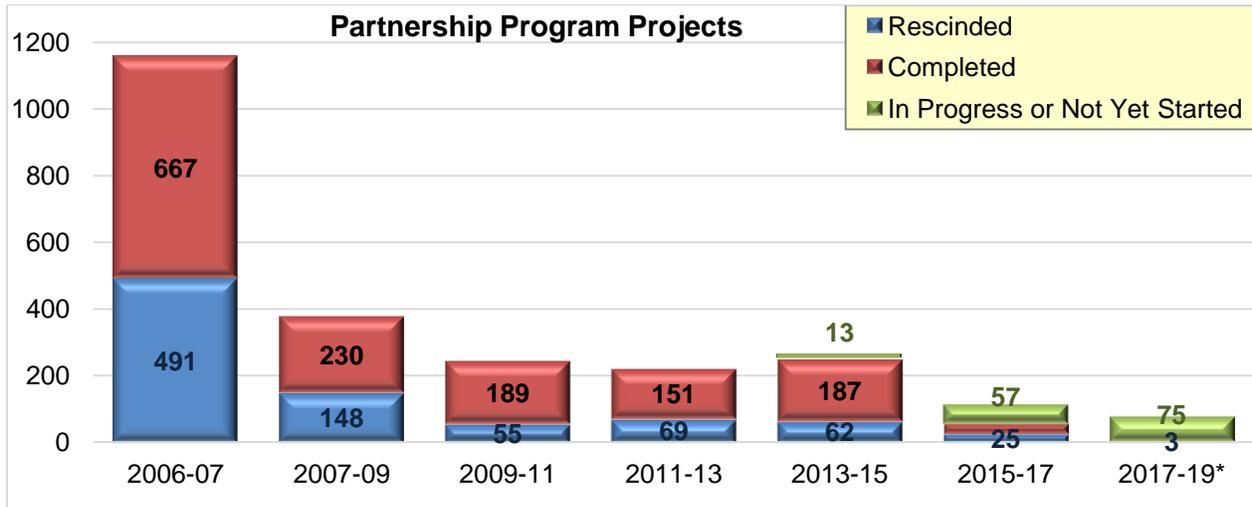
To fully fund the Year 2 projects—even if no additional funds were available in the Partnership Program that have not already been committed to other projects and capping WSD System projects at \$10 million—the Division would need nearly \$45 million. That amount likely would be covered by the amount of General Revenue typically dedicated to the Partnership Program (about \$35 million to \$38 million) and anticipated transfers from savings in predecessor facilities funding programs (about \$16 million).

2017-19 Cycle	Funded*	Not Funded
Year 1		
WSD Systems	\$9,442,411	\$19,962,513
Space	\$116,297,496	
WSD Space replacement	\$83,272,290	
Year 2 (Projects are not funded until after 2018 Fiscal Session)		
WSD Systems		\$49,345,403
Space		\$27,518,763
WSD Space replacement		\$7,478,927

\*Dollar values in the "Funded" column provide the state's share of projects that were funded as of April 27, 2017. Projects that were not funded may receive funding as funded projects are rescinded, for example, after a failed millage election.

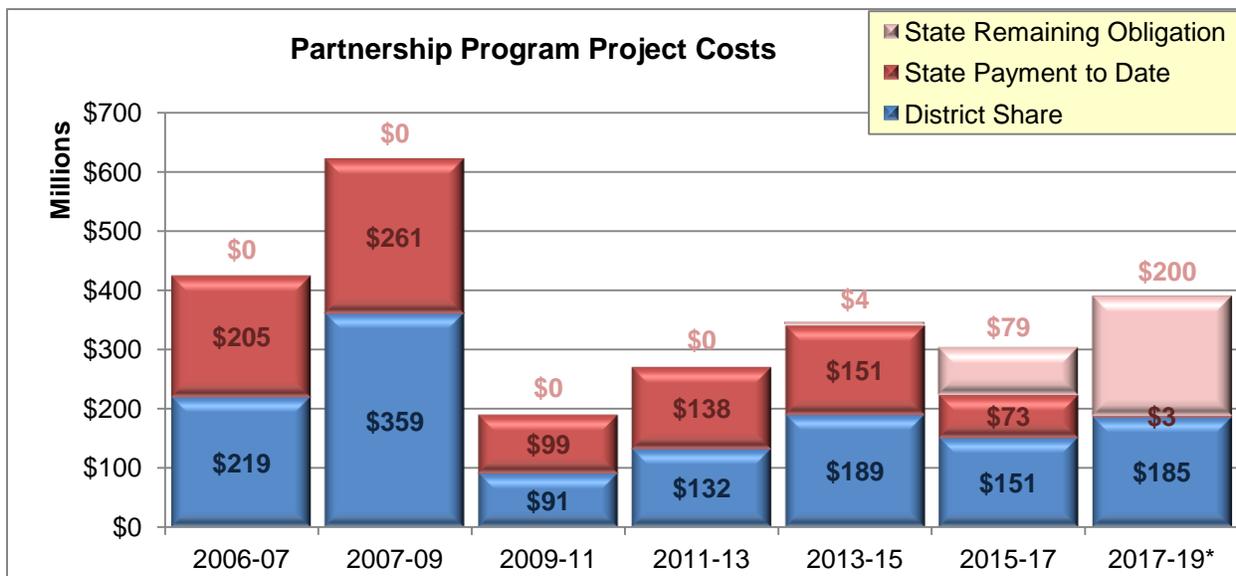
**HISTORICAL PROJECT NUMBERS AND FUNDING**

As of August 2017, the Partnership Program has paid districts about **\$930.1 million** for facilities construction and renovation and systems improvement and agreed to pay another \$283 million through the 2017-19 funding cycle (not including projects approved for FY19 that will not be funded until FY19 appropriations are made). Including the school districts' matching funds, the Partnership Program has so far supported a total of \$2.54 billion for new or renovated academic facilities (including current obligations).



Note: 2017-19 projects include only those approved and funded in the first year of the biennium because the second year of projects, although approved, will not be funded until the FY19 funding has been appropriated.

The cost of approved projects is shared by the state and the district. Of the projects approved for Partnership funds (not including projects that were rescinded by a district), the state has paid (including current obligations) about 48% of all allowable costs. Districts have paid (or will pay) 52% of allowable costs.

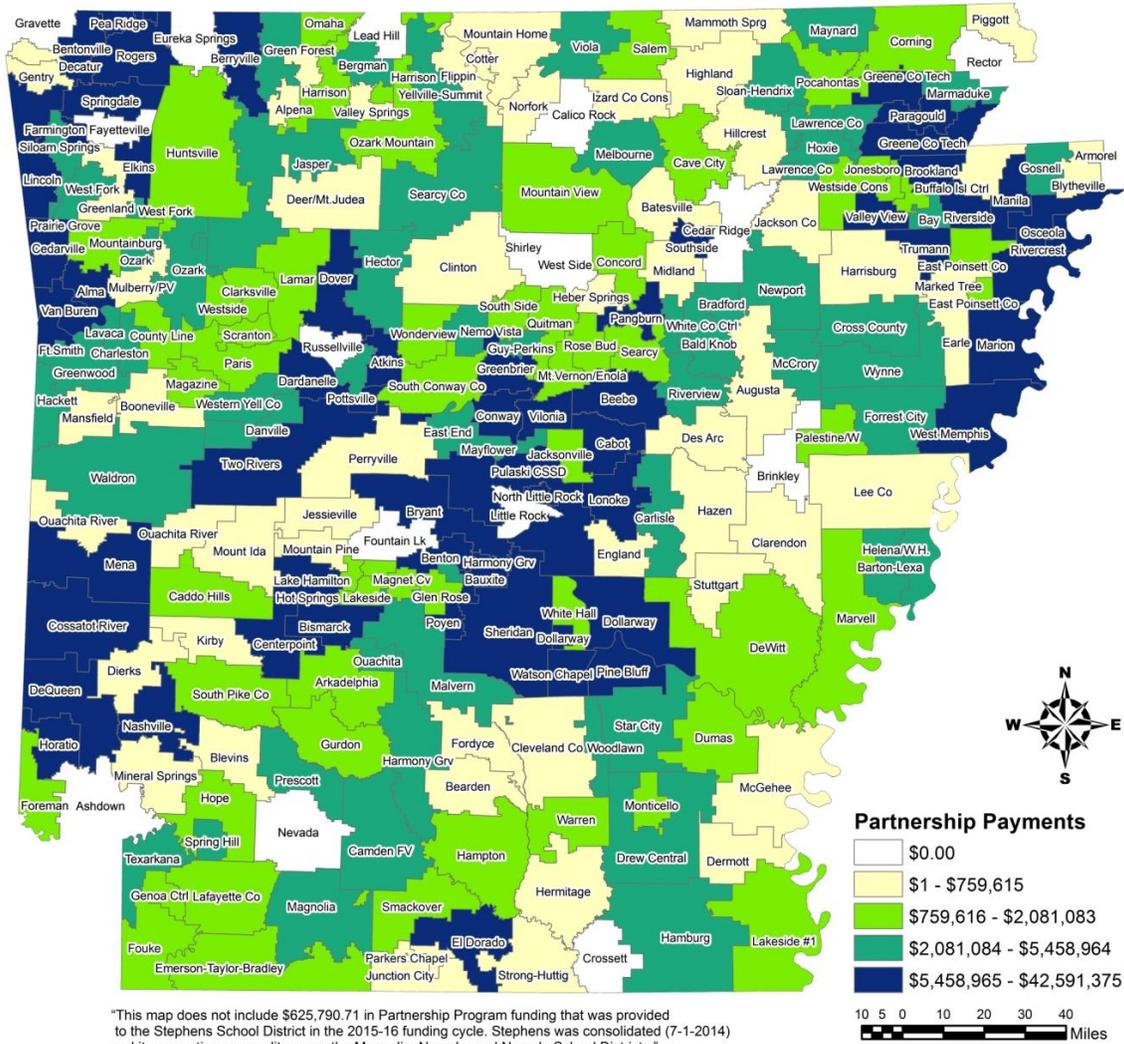


Note: 2017-19 projects include only those approved and funded in the first year of the biennium because the second year of projects, although approved, will not be funded until the FY19 funding has been appropriated.

**REGIONAL ANALYSIS OF PARTNERSHIP FUNDING**

The following maps show the total amount of funding the state has contributed to school facilities projects through the Partnership Program since the program's inception.<sup>3</sup> The first map shows the total dollar amount the state has actually paid in each district (not including outstanding obligations). Partnership funding awarded to districts that have since been consolidated is counted in the funding totals of the districts into which the districts were annexed. The first map shows that the districts with the highest population concentrations—Central, Northwest and Northeast Arkansas—generally received some of the highest amounts of Partnership Program funding.

**Total Partnership Program Payments**  
 2006-07 Funding Cycle Through 2017-19 Funding Cycle (through August 2017)



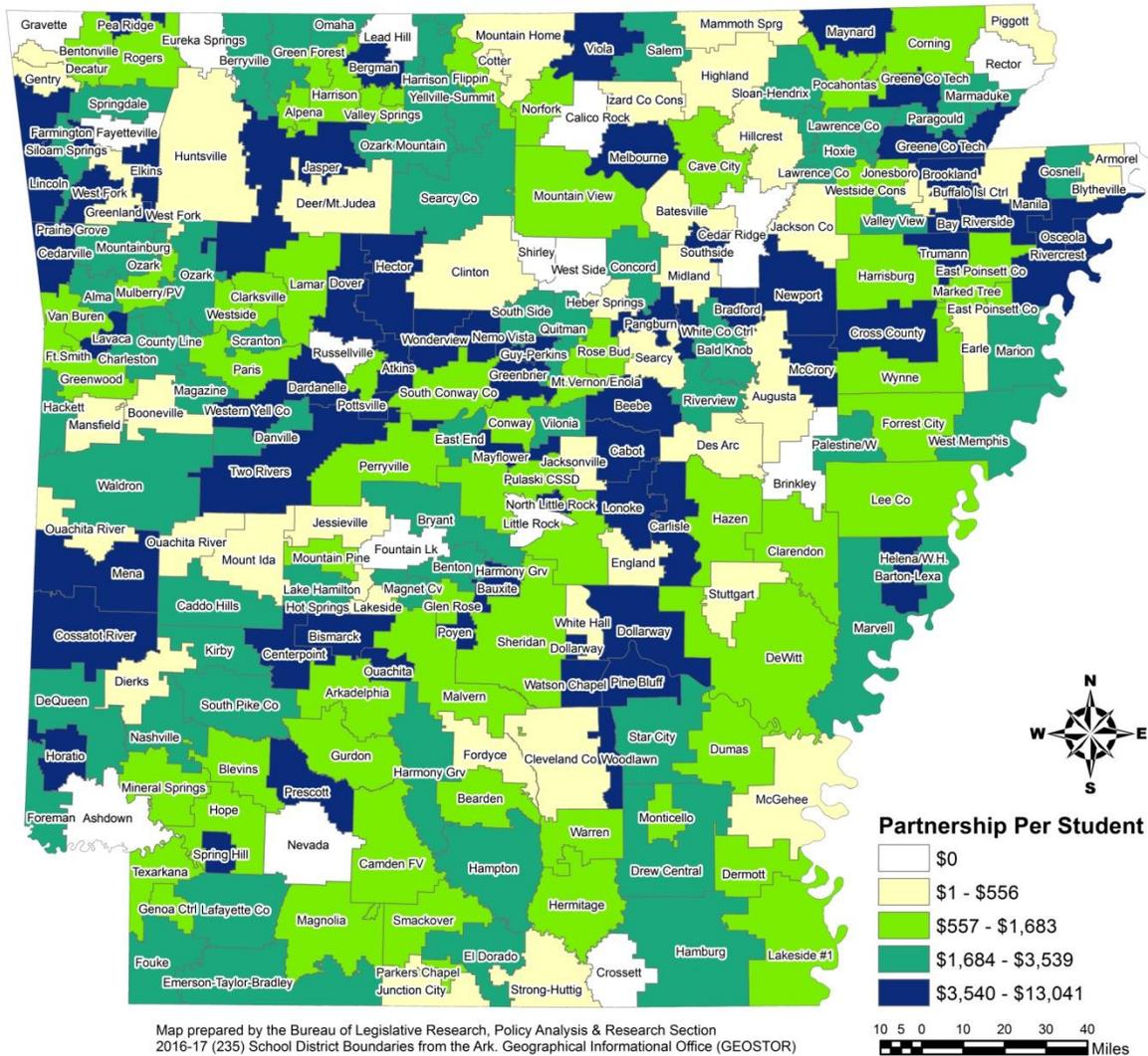
Map prepared by the Bureau of Legislative Research, Policy Analysis & Research Section 2015-16 (234) School District Boundaries from the Ark. Geographical Informational Office (GEOSTOR)

<sup>3</sup> These figures include only the amount the state has actually paid through August of 2017. It does not include the state's outstanding obligations. For example, if a district has a \$100,000 project and the state's share of the project is \$50,000, but the state has only paid \$30,000, the outstanding \$20,000 would not be included.

The following map shows the amount of Partnership Program funding the state has paid as a per-student amount. Each district's 2016-17 ADM was used to calculate its funding amount per student. In contrast to the previous map, there appears to be few significant regional patterns when the funding is viewed on a per-student basis. However, districts along the eastern and southern edges of the state appear to have received less partnership funding per student than other areas of the state.

### Total Partnership Program Payments Per Student

2006-07 Funding Cycle Through 2017-19 Funding Cycle (through August 2017)



Note: Per-student calculations use 2016-17 ADM

Of the 235 currently operating districts, 17 have never received any Partnership Program payments.

Crossett	Rector	Calico Rock	Nevada
Gravette	West Side (Cleburne)	Ashdown	Russellville
Lead Hill	Fountain Lake	Armored	Little Rock
Eureka Springs	Cedar Ridge	Brinkley	Shirley
Fayetteville			

However, three of these districts (Crossett, Lead Hill and Ashdown) have approved and funded Partnership projects in the works for the 2015-17 or 2017-19 funding cycle. Six of these districts (Crossett, Lead Hill, Rector, Calico Rock, Brinkley, and Shirley) received funding from earlier facilities funding programs (Immediate Repair or Transitional). **Ten districts** (Gravette, Eureka Springs, West Side [Cleburne County], Fountain Lake, Cedar Ridge, Armorel, Nevada, Russellville, Little Rock and Fayetteville) **have never received state funding for facilities** (at least not through the four funding programs created in 2005) and have no currently approved and funded projects in process. **Nine of those ten districts have a Facilities Wealth Index above .90**, which means they would qualify for only a small percentage of project costs to be covered by the state. Some of these districts may have decided the small amount of state funding available was not worth the time and effort it takes to apply.

The following table examines characteristics of districts based on the various levels of Partnership funding they received. Districts were ranked based on the per-student (using districts’ average ADM over the past 10 years) Partnership funding they received beginning with the 2006-07 funding cycle and placed into four groups (quartiles) based on their rank. For each group of districts, a 10-year average ADM and percentage of free and reduced price lunch (FRPL) students was calculated. (Districts that have been involved in a consolidation—those absorbed by another district and those that received a consolidated district—have been excluded from this analysis.) The analysis found **no strong relationships between the amount of per-student Partnership Program funding a district received per student and its ADM or its FRPL percentage.**

Total State Partnership Funding Per Student	10-Year Avg. ADM	10-Year Average % Free or Reduced Price Lunch Students
Quartile 1: \$0-\$532	1,868	65.40%
Quartile 2: \$549-\$1,850	2,380	64.16%
Quartile 3: \$1,887-\$3,675	2,026	62.06%
Quartile 4: \$3,815-\$13,083	1,371	61.18%

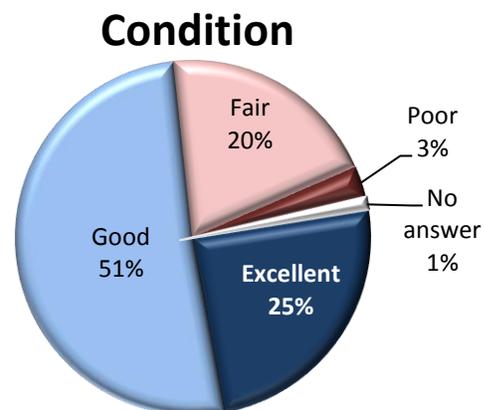
## PRINCIPAL SURVEY

The Partnership Program was designed to provide different levels of financial assistance to districts for facilities construction and renovation. It was designed to level the playing field between districts that could afford newer facilities and those that could not. Therefore, an important question is whether the differing levels of state financial support promote an equalization of facilities across schools and districts.

To assess the perceptions among educators about the conditions of school facilities, the Bureau of Legislative Research surveyed school principals. A link to the confidential online survey was emailed to all school principals on October 17, 2017. Respondents were assured their individual responses would not be disclosed to anyone outside the BLR. As of November 8, 2017, 541 principals (51.5%) had responded. Three questions on the survey asked about school facilities, and the responses are provided below. The responses are subjective opinions, provided by educators, not architects or engineers.

**Survey Question: How would you rate the overall CONDITION of your school building(s), including major systems such as electrical, plumbing and HVAC?**

About a quarter of the principals responded that the condition of their school building is “excellent”, while another 51% rated their building as “good”. Another quarter rated their building as fair or poor.



The responses were analyzed by each school’s percentage of students eligible for free or reduced price lunch (FRPL). The schools were placed in two groups—those where the principal rated his or her building’s condition “excellent” or “good” and those where the principal provided a “fair” or “poor” rating. The average school FRPL percentage was calculated for each group. The schools where the principal gave a “fair” or “poor” rating had a slightly higher average free or reduced price lunch percentage.

Principal Response	Average FRPL
Excellent/Good	60%
Fair/Poor	65%

The principal responses were also analyzed by the schools’ grade levels. High school principals were slightly more likely to rate their building “fair” or “poor” than elementary or middle school principals.

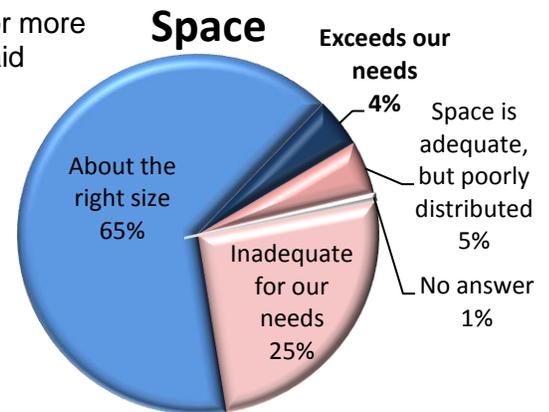
	Excellent/Good	Fair/Poor
Elementary	78%	22%
Middle	80%	20%
High	72%	28%

Principals were also asked about the amount of space in their school buildings.

**Survey Question: How would you rate the overall amount of SPACE your school has?**

Nearly 70% indicated their school building provides enough or more than enough space for their student population, while 25% said they need more space. Another 5% said they had enough space, but it is poorly distributed.

The data were also analyzed by each school’s percentage of students eligible for free or reduced price lunch. There was little difference in average FRPL percentages when the schools are grouped by their principal’s school space rating.



Principal Response	Average FRPL
Inadequate	62%
About Right	61%
Exceeds the Need	61%
Poor Distribution	62%

When analyzed by grade levels, the data indicate that middle school principals were slightly more likely than elementary or high school principals to rate their school space as inadequate.

	Inadequate	About Right	Exceeds the Need	Poor Distribution
Elementary	25%	67%	4%	4%
Middle	31%	58%	5%	6%
High	23%	67%	5%	5%

Finally principals were asked to rate their school’s overall suitability.

**Survey Question:** How would you rate the general **SUITABILITY** of your school facilities? (e.g., Does your school have the appropriate types of education space? Is the school layout conducive to learning?)

Nearly 80% of the principals surveyed rated the suitability of their building as “excellent” or “good”, while 20% said their building’s suitability was “fair” or “poor”.



The responses were also analyzed by each school’s FRPL percentage. The average school FRPL percentage of the principals who rated their school’s suitability as “fair” or “poor” was slightly higher than the average school percentage of the principals who rated their school’s suitability as “excellent” or “good”.

Principal Response	Avg. FRPL %
Excellent/Good	60%
Fair/Poor	64%

	Excellent/Good	Fair/Poor
Elementary	82%	18%
Middle	76%	24%
High	80%	20%

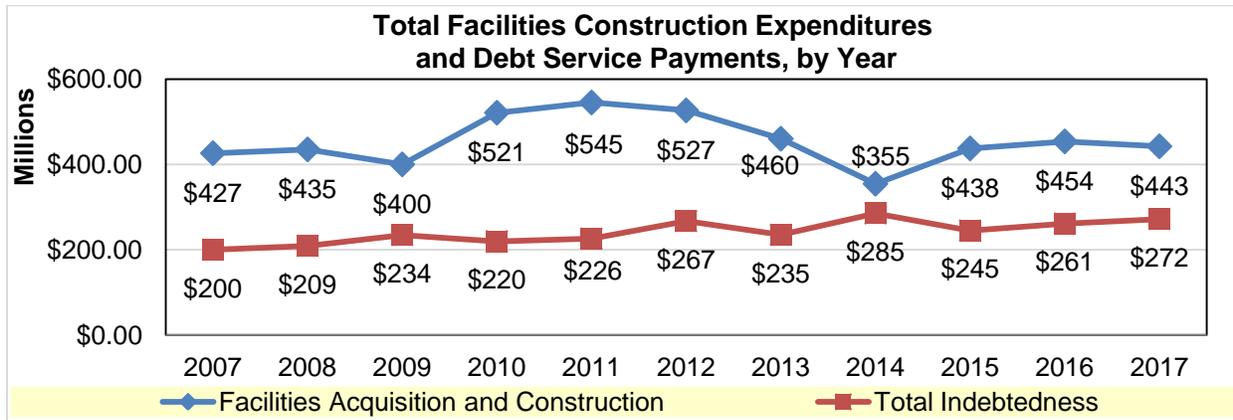
The responses also indicate that middle school teachers were more likely than elementary or high school principals to rate their school’s suitability as “fair” or “poor”.

**TOTAL FACILITIES EXPENDITURES AND DEBT SERVICE PAYMENTS**

While there are no strong, reliable measures of the quality of districts’ school buildings, districts’ spending patterns on facility construction and debt service can provide some information about the differences among districts.

The BLR examined district expenditures for facilities acquisition and construction services and annual debt service payments (total indebtedness) for the last 10 years (2008-2017). Facilities acquisition and construction include land purchases and construction expenditures. The expenditures also include money spent on site improvement activities, such as fencing, walkways and landscaping, and building improvements, such as initial installation of service systems and built-in equipment. These expenditures, which were extracted from APSCN, include those made using all funding sources, including Partnership Program funding. Because the Partnership Program reimburses districts for expenditures made for approved projects (i.e., districts have to spend the money before they can be reimbursed for the state share), these expenditures include all expenses associated with Partnership Projects—both the state’s share (which ultimately will be reimbursed) and the district’s share.

The following chart shows that total district expenditures on facilities acquisition and construction increased by about 30% between 2009 and 2010, but decreased in 2014 by about 35% from the high in 2011. The increased spending between 2010 and 2012 may be the result of additional funds made available to districts through the American Recovery and Reinvestment Act of 2009 (ARRA). Collectively districts spent about \$68.8 million in ARRA funds on facilities construction and acquisition in 2010, \$77.6 million in 2011, and \$22.6 million in 2012. Facilities acquisition and construction expenditures averaged about \$455 million each year. Expenditures on debt service payments have been on a fairly steady incline between 2007 and 2017. Total debt service payments averaged about \$241 million annually.



**Note:** The data in the chart do not include expenditures made by open enrollment charter schools.

The APSCN reporting system calls for school districts to report certain facilities expenditures based on whether the expenditure is for an instructional area or a non-instructional area. The data show that of districts expenditures on building acquisition, construction, and improvements, the vast majority (87% and 90%) were for instructional areas. A smaller portion (61%) of districts’ site improvement expenditures (nonpermanent improvements, such as landscaping, bleachers, and outside lighting) were for instructional areas.

	10-Year Total Expenditures	% Spent on Instructional Areas
Building Acquisition and Construction	\$2.82 billion	87%
Site Improvements	\$0.37 billion	61%
Building Improvements	\$1.03 billion	90%
Land Acquisition and Improvement	\$0.29 billion	NA
Other Facilities Expenditures	\$0.07 billion	NA

To examine the extent to which Partnership Program funding allows or inhibits districts’ spending on facilities, the BLR looked at the relationship between the amount of Partnership Program funding districts receive and the total amount they spent on facilities construction and improvement from all funding sources. A per-student spending average was calculated for each district for total facilities spending and for debt service payments.

- Per-Student Facilities Expenditures:** A 10-year annual average was calculated for each district’s total facilities acquisition and construction expenditures (including land purchase, site improvements and building improvements). These expenditures include expenditures made with all types of funding, including local revenue from debt service mills as well as state Partnership Program funding. Using a 10-year average ADM, each district’s average annual facilities expenditure was calculated as a per-student amount. Districts’ facilities expenditure per student ranged from about \$28 per student (Brinkley) to nearly \$3,050 (Two Rivers). Districts (not including open enrollment charter schools or districts involved in a consolidation) averaged about \$968 per student in facilities expenditures annually.
- Per-Student Debt Service Payments:** A 10-year annual average was also calculated for each district’s debt service payments (total indebtedness expenditures) and then calculated as a per-student amount using a 10-year average ADM. The district debt service payments per student amount ranged from \$0 (Gosnell) to more than \$1,750 (Mountain Home). (Mountain Home’s debt service payment for 2013-14 was significantly larger than other districts’ because the district paid off a particular type of bond that year.) Districts averaged about \$495 per student on annual debt service payments between 2008 and 2017 (not including open enrollment charter schools or districts involved in a consolidation).

Then the amount of Partnership Program funding each district has received since the program's inception was calculated as a per-student amount (using a 10-year average ADM). (Districts that have been involved in a consolidation—those absorbed by another district and those that received a consolidated district—have been excluded from this analysis.)

The 215 districts were ranked based on the Partnership Program funding per student and placed in four groups (quartiles) based on their ranking, as shown in the table below. The amount each district spent on facilities construction (from all funding sources) and the amount they spent on debt service payments were averaged by quartile.

The table shows that as the average amount of Partnership Program funding per student increases, districts' total facilities expenditures per student also increase, suggesting that **Partnership funding increases districts' ability to spend money on facilities improvements**. There is **no clear relationship between Partnership Program funding and debt service payments**, although districts that received the lowest Partnership Program funding per student had the highest debt service payment per student of the four quartiles.

Partnership Funding Per Student	Avg. Annual Facilities Expenditure Per Student	Avg. Annual Debt Service Payment Per Student
Quartile 1: \$0-\$532	\$627	\$591
Quartile 2: \$549-\$1,850	\$645	\$431
Quartile 3: \$1,887-\$3,675	\$967	\$452
Quartile 4: \$3,815-\$13,083	\$1,644	\$506

## MILLAGES

To draw down the state share of Partnership funding, districts must contribute their share of local funding. There has long been concern that some districts would be unable to pass enough millage to raise the local share. This section of the report examines the variations in district millages and the extent to which the passage of millage elections affects districts' facilities expenditures.

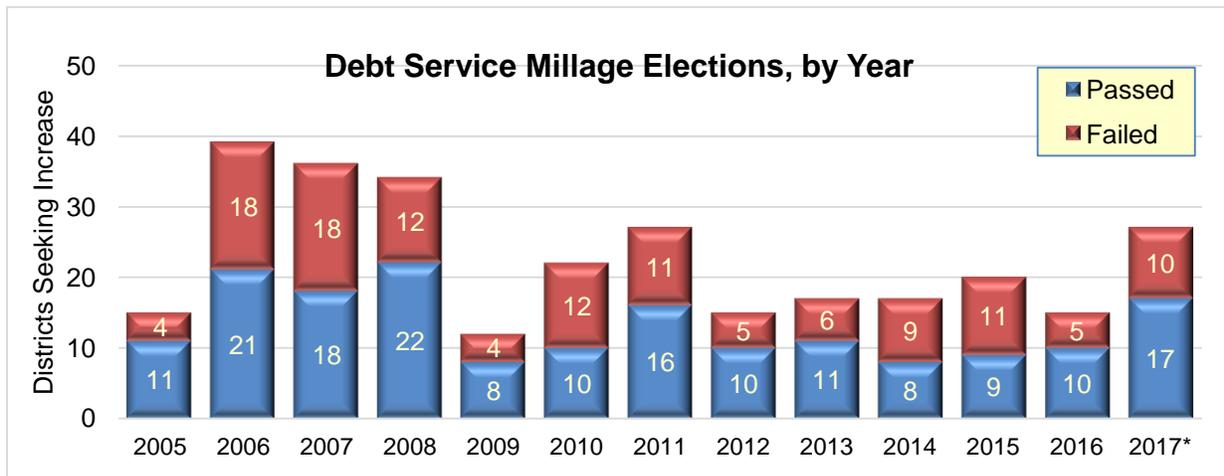
School districts are constitutionally required to charge property holders in their communities a millage rate of at least 25 mills. The revenue generated from the 25 mills is used to fund the foundation funding that every district receives based on the number of students in the district. While the first 25 mills is required, voters in many districts have elected to pay a higher millage rate or a dedicated millage rate to generate additional money for the maintenance and operation (M&O) of their schools. Another type of millage that districts may levy are debt service mills. Debt service mills are used to generate revenue for the district to pay the long-term cost of construction and renovation.

According to the millages approved in 2016 (for collection in 2017), all districts but two (Salem and Gosnell) have passed some level of debt service mills. The number of **debt service mills each district has ranges from 1.30 (Lee County) to 23.90 (Fouke)**. One district, Harrisburg, has two different millages. (In 2010, the Weiner school District was consolidated into Harrisburg, but voters there have never approved a unified millage.) **The average number of debt service mills among Arkansas school districts is just over 12 mills.**

Since 2005, **168 of the current 235 districts have sought an increase to their debt service millage** along with five districts that have since been consolidated into other districts. (This number includes elections where districts sought to extend their debt service mills or transfer other types of mills (e.g., dedicated maintenance and operations mills) to debt service mills, but does not include requests to increase M&O mills. The millage elections number also does not include efforts to increase debt service mills to equalize millage between consolidating districts,

unless the election seeks to increase both districts' debt service mills.) On average, elections seeking an increase in debt service mills fail about 42% of the time.

The following chart shows the number of districts asking voters to approve an increase in debt service millage by year. The chart also shows the number of those elections that were successful and the number that failed. The data suggest that the new funding offered by the Partnership Program led to a spike in the number of millage elections in 2006, 2007 and 2008. In 2009, the number of millage elections dropped precipitously likely as a result of the recession. Districts considering a millage increase that year may have decided the economic climate likely wouldn't support a tax increase.



\*2017 election results are based on news reports of millage elections and are therefore preliminary

Often when a district's millage attempt fails, the district attempts another millage in subsequent years. Many times a second or third try is successful, especially when a lower millage is requested. However, **at least 19 school districts had millage elections between 2005 and 2017 to increase debt service mills, but have never been successful**, including three districts whose only attempts have been in 2016 or 2017.

During the 2006 Extraordinary Session, the General Assembly passed Acts 34 and 35, which created the **Academic Facilities Extraordinary Circumstances Program**. This program was designed to respond to a concern that some districts would not be able to raise enough money locally to provide their share of the Partnership Program. Without this local match, these districts would be unable to tap into the available state funds. Acts 34 and 35 called for the Facilities Commission to develop rules under which the Extraordinary Circumstances program would operate. To date, the rules have not been drafted, and the program has never been funded.

While there is clearly significant diversity in the number of debt service mills districts have, an important question is how closely related debt service mills are to the amount of Partnership Program funding districts draw down.

The following table examines the relationship between the amount of debt service mills districts have and the amount of state Partnership Program funding they have received since the program's beginning. The table uses each district's 10-year average debt service mills and its total state Partnership Program funding received divided by the district's 10 year average ADM. The districts were placed in quartiles based on their average debt service mills and a quartile average was calculated for state Partnership Program funding per student. The analysis excludes all districts that were part of a consolidation since the Partnership Program began. The data show that the **districts in the low debt service mill quartiles received less Partnership Program funding per student than those with higher debt service mills. They also had less debt service payments and spent less overall on facilities construction and acquisition.**

10-Year Average Debt Service Mills Quartiles	Total State Partnership Funding Per 10-year Average ADM	10-Year Average Indebtedness Per 10-Year Average ADM	10-Year Average Facilities Expenditure Per 10-Year Average ADM
Quartile 1: 0-9.00	\$1,430	\$381	\$756
Quartile 2: 9.00-11.64	\$1,835	\$494	\$903
Quartile 3: 11.64-14.32	\$3,007	\$516	\$1,054
Quartile 4: 14.40-23.90	\$4,104	\$593	\$1,160

The data also suggested districts' with the highest average percentage of students eligible for free or reduced price lunch have, on average, lower numbers of debt service mills. This may suggest that voters in communities with higher levels of poverty (family income, rather than property wealth) may be less likely to approve higher numbers of debt service mills.

10-Year Average % Free or Reduced Price Lunch	10-Year Average Debt Service Mills
Quartile 1: 23.23%-54.78%	13.35
Quartile 2: 54.91%-63.35%	12.36
Quartile 3: 63.39%-72.65%	10.50
Quartile 4: 72.79%-96.64%	10.62

**FACILITIES WEALTH INDEX**

The amount of money the state pays for each Partnership project depends on the district's **Facilities Wealth Index**. The wealth index is calculated as a percentage, with wealthier districts having a higher percentage. A district's wealth index indicates the percentage of a project's cost for which the district is responsible. For example, a district with a wealth index of 85%, would pay 85% of the project's cost and the state would pick up the remaining 15%.

A school district's Facilities Wealth Index is determined by first calculating the value of one mill per student. For example, the value of one mill per student in a district with 500 students and a total assessment of \$100 million would be \$200.

Total Valuation		Value of 1 mill	ADM	Value of 1 mill per Student
\$100 million	x .001	= \$100,000	/ 500	= \$200

Districts are then ranked by the value of one mill per student. The amount of money that one mill generates varies widely, depending on the property wealth and size of each community. One mill generates less than \$13,000 in revenue in Poyen and nearly \$3.5 million in Little Rock. That means if each district needed to build a \$5 million school, what would take Little Rock less than two years to pay for using one mill would take Poyen 385 years to pay for using a single mill. That said, Little Rock's 22,300 students need far more facilities than Poyen's less than 600 students. Statewide, one mill generates on average about \$197,000. The facility wealth index does not consider the number of debt service mills that voters in each district have elected to levy for school construction.

The next step in the facility wealth calculation is to assign percentile values to each district where the first percentile contains the 1% of students with the lowest value of one mill per student and the 100th percentile contains the 1% of students with the highest value per mill. (See appendix for a list of districts and their wealth index calculations.) Then, the value of 1 mill per student in each school district is divided by the value of one mill of the district where the state's cumulative ADM hits 95 percent of districts' total ADM. The following table provides an example of how the Facilities Wealth Index is calculated. In this case, the 95<sup>th</sup> percentile falls in the Russellville School District at a value of \$168.96 per student. Each district's value of one mill per student is divided by that value. The wealth indexes of districts at the 95<sup>th</sup> percentile or above are adjusted to .995, so that every district is eligible to receive some aid through the Partnership Program.

		1 Mill Per Student	Divided By	=	Wealth Index (District Share)
Lowest (Poorest)	Poyen	\$22.46	\$168.96	0.13293	13.3%
95 <sup>th</sup> Percentile	Russellville	\$168.96	\$168.96	1.00000	99.5%
Highest (Most Affluent)	Armored	\$552.54	\$168.96	3.27022	99.5%

For 2017, Poyen School District had the lowest Wealth Index at .13293, meaning the state pays for about 87% of each approved project. Fifteen districts had the highest wealth index, .9950. Those districts are Pulaski County Special School District, Russellville, Concord, Cedar Ridge, Shirley, Wonderview, Quitman, Fountain Lake, Eureka Springs, Nemo Vista, Armored, West Side, Mineral Springs, South Side and Marvell. The state pays 0.5% of each of their approved projects.

The wealth index considers not only the district’s property wealth, but also the number of students the district must serve. For example, Beebe and Armored School Districts have similar property valuations; one mill in Beebe generates about \$212,000, while one mill in Armored generates about \$226,000. However, the two districts serve very different size student populations, resulting in very different Wealth Indexes. This is important from a facilities standpoint because larger districts require more facilities.

	Value of 1 mill	ADM	Value of 1 mill per ADM	District Share of Facilities	State Share of Facilities
Beebe	\$212,279	3,234	65.19	38.6%	61.4%
Armored	\$226,104	409	552.54	99.5%	0.5%

It’s important to note that a district considered wealthy in terms of property wealth may not be a wealthy district in terms of students’ family incomes.

For example, about 97% of the Marvell Elaine School District’s students are eligible for free or reduced price lunch, making it the highest poverty district in the state in terms of student poverty. However, the district’s wealth index, 99.5%, indicates it’s among the most affluent in the state in terms of property wealth (largely due to its low student count). An example, on the other end of the spectrum is the Pea Ridge School District, which is considered to be among the poorest districts in terms of property wealth, but among the most affluent in terms of percentage of students eligible for free or reduced price lunch.

The table below shows the relationship statewide between districts’ facility wealth index and their free and reduced price lunch percentage. All districts were ranked based on their 2016-17 wealth index and placed in quartiles. For each wealth index quartile, an average was calculated of each district’s FRPL percentage and ADM. **There is no significant relationship between districts’ wealth index and their FRPL percentage.** Districts in the quartile with the lowest wealth indexes had the lowest average ADM, and those in the highest wealth index quartile had the highest average ADM.

	2016-17 Wealth Index (District Share)	2016-17 Avg. ADM	2016-17 Avg. FRPL %
<b>Poorer</b>	Quartile 1: 13.3-36.4	1,231	64.11%
	Quartile 2: 36.6-48.0	2,066	66.13%
	Quartile 3: 48.0-64.9	1,905	68.13%
<b>Wealthier</b>	Quartile 4: 65.3-99.5	2,639	66.09%

The following table examines the relationship between districts’ wealth index and the amount of state Partnership Program funding per student districts have received. Districts were placed in quartiles based on each district’s ten-year average wealth index. (Districts that were part of a consolidation were excluded from this analysis.) **The quartile with the lowest wealth indexes received more financial assistance per student through the Partnership Program than those in the quartiles with higher wealth indexes.** That’s not surprising considering the wealth index was designed to provide more state funding to districts with lower wealth indexes.

	10-Year Average Wealth Index (District Share)	Total State Partnership Funding Per 10-Year Avg. ADM
<b>Poorer</b>	Quartile 1: 14.00-37.38	\$4,224
	Quartile 2: 37.60-46.86	\$2,555
	Quartile 3: 46.89-63.24	\$2,474
<b>Wealthier</b>	Quartile 4: 63.34-99.50	\$1,125

Another relevant question to answer is how important is a district's property value to its ability to build and renovate facilities. A district where one mill generates just \$20,000 would have to pass many more mills to afford a \$5 million new school than a district where a mill generates \$1 million. The Partnership Program was designed to enable districts with low property wealth to build facilities just as districts with high property wealth are able to do. The following table examines the relationship between property wealth (the revenue generated by one mill) and state Partnership funding per student. Districts were ranked by the amount of revenue generated by 1 mill in each district, averaged over 10 years, and then placed in quartiles based on their rank. (Districts that have been involved in a consolidation—those absorbed by another district and those that received a consolidated district—have been excluded from this analysis.) The table below shows that **districts generating the most revenue per mill have been awarded the least amount of state Partnership funds per student.**

	10-Year Average Value of 1 Mill	Total State Partnership Funding Per 10-Year Avg. ADM
<b>Poorer</b>	\$11,392-\$46,739	\$3,226
	\$46,950-\$67,679	\$2,852
	\$68,691-\$146,313	\$2,938
<b>Wealthier</b>	\$146,790-\$3.2 million	\$1,344

## DECLINING ENROLLMENT AND HIGH GROWTH: IMPACT ON FACILITIES WEALTH INDEX

The Education Committees that formulated the original facilities wealth index had concerns about the measure's impact on districts with rapid enrollment growth or declines, according to the final 2006 Adequacy Study report. Because the wealth index is based on the value of one mill per student, there was concern that a district's loss of students would result in a higher per-student amount of revenue generated by one mill. A higher per-student amount would result in the district having a higher wealth index and therefore a lower share of funding from the state for Partnership projects. For example, consider a district with 500 students. If in that district, one mill generates \$100,000, each mill in the district will generate \$200 per student. If that district loses 50 students, the mill revenue per student (assuming a constant \$100,000 mill revenue) increases to \$222.22 per student, possibly causing it to rise in the wealth ranking.

The table below shows that a declining enrollment can lead to a higher wealth index and districts bearing a greater share of the cost of construction. The table below shows the average wealth index of the 28 districts that lost at least 20% of their ADM between 2008 and 2017 (excluding districts that were part of a consolidation). The districts' average wealth index increased by almost 17 percentage points. The opposite was true of growing districts. The average wealth index among the 14 districts that had enrollment increases of at least 20% decreased over time, meaning the state kicked in a larger share for those districts' construction projects.

### Districts Declining or Growing by at Least 20% between 2008 and 2017

	Average Wealth Index (District Share)		
	2008	2012	2017
<b>Declining (28 districts)</b>	47.2	52.8	63.9
<b>Growing (14 districts)</b>	47.0	43.7	39.1

The different impact on growing and declining districts is not necessarily unfair. After all, districts with declining enrollments have a decreasing need to maintain the same amount of school space, and growing districts have an increasing need to expand facilities.

The following tables show the districts with the greatest percentage point increases and decreases in their Facilities Wealth Index between 2008 and 2017. Three of the five districts with the greatest decreases are growing districts, while the Booneville and County Line School Districts' wealth index decrease is due to a decrease in the value of one mill. While the value of 1 mill increased 38% statewide over the past decade, the value of a mill in Booneville and County Line School Districts actually decreased. All of the districts with the greatest increases in wealth index had a significant increase in property wealth, and all but one had a decrease in ADM.

Greatest Decreases in Wealth Index	
District	District Share Decreased By:
Bentonville	31.0 percentage points
Springdale	21.4 percentage points
Jonesboro	18.7 percentage points
County Line	16.7 percentage points
Booneville	16.6 percentage points

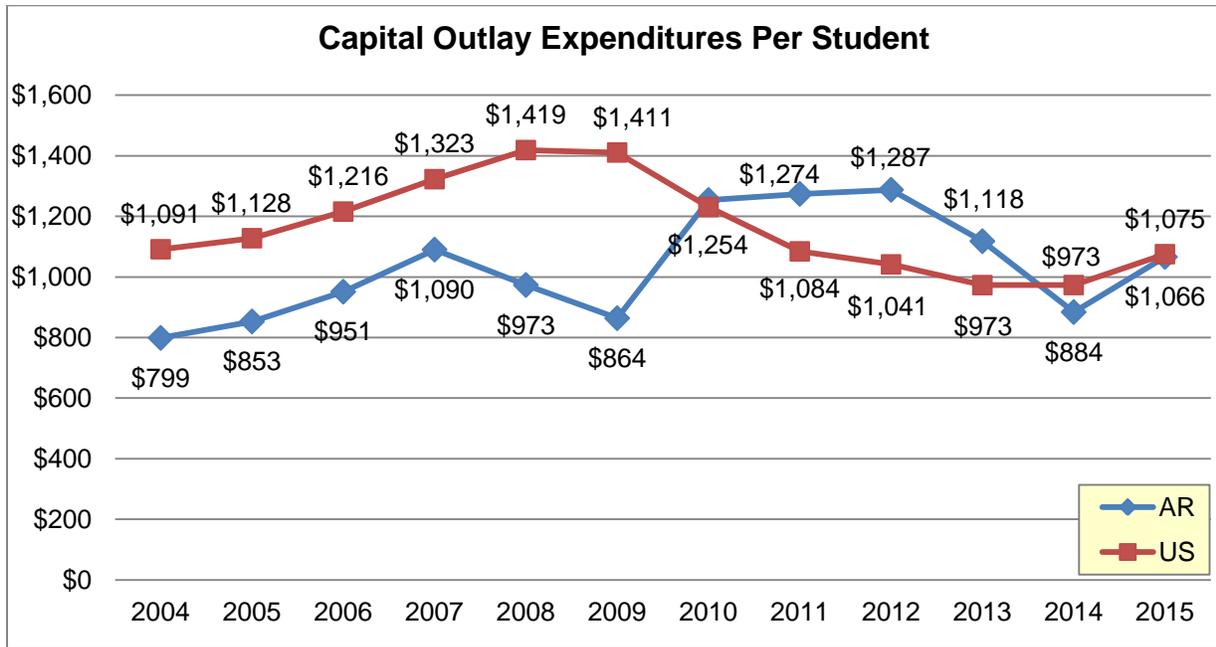
Greatest Increases in Wealth Index	
District	District Share Increased By:
Nemo Vista	69.6 percentage points
Pangburn	59.7 percentage points
South Side	59.6 percentage points
Mineral Springs	56.1 percentage points
Guy-Perkins	49.9 percentage points

In addition to qualifying for an increasing share of state funding, growing districts are also eligible for another potential benefit. The General Assembly passed Act 995 of 2007, which called for the creation of an **interest-free loan program for high-growth districts**. Only districts with at least 4% annual growth in ADM are eligible for the high-growth loans. Although the Facilities Commission adopted rules for this program, it was never specifically funded. No district has ever applied for the funding, according to the Facilities Division. The lack of interest in this program may be related to the statutory requirement that qualifying districts are eligible for loans necessary for any academic facilities-related debt that exceeds the amount of revenue generated in the district for 10 mills.

## NATIONAL COMPARISON

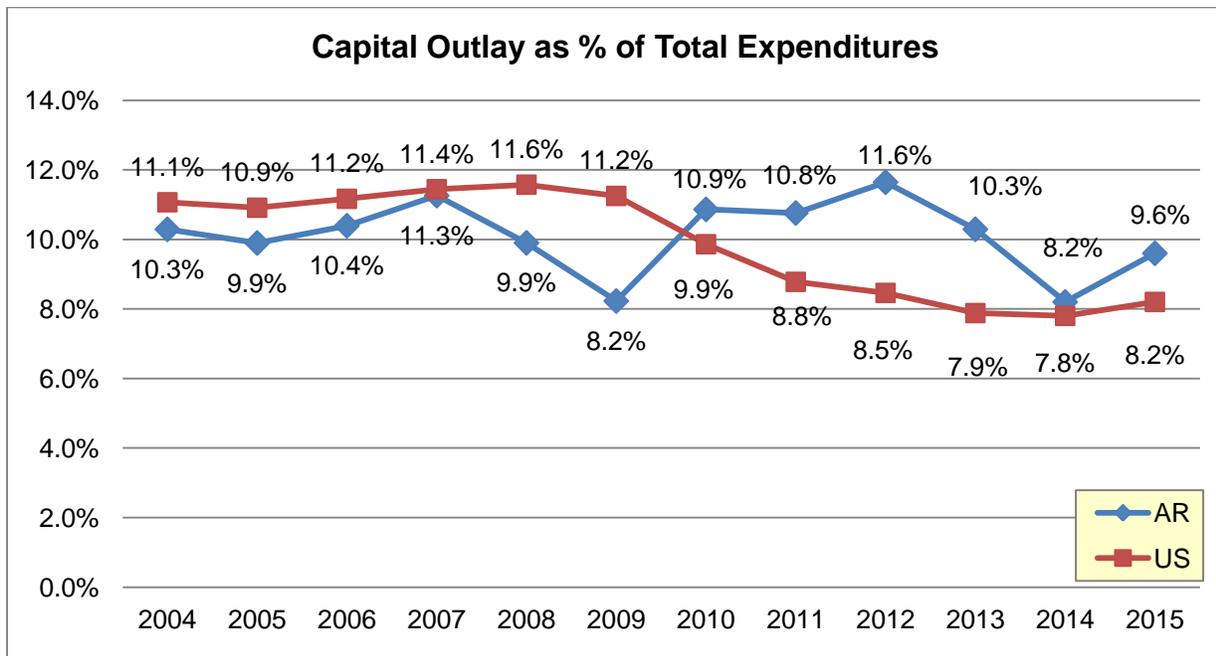
The creation of the Partnership Program appears to have improved Arkansas's spending on capital projects compared with other states. The U.S. Census collects data on K-12 school district capital expenditures using data collected by state departments of education. In 2004, Arkansas ranked 35<sup>th</sup> in capital outlay expenditures per student. That year, Arkansas school districts collectively spent about \$800 per student, while the national average was nearly \$1,100. In 2015, the most recent year for which national data is available, the state ranked 21<sup>st</sup> among the 50 states and Washington D.C., with Arkansas districts spending just slightly less per student than the national average.<sup>4</sup>

<sup>4</sup> In addition to school facilities construction, the U.S. Census includes other types of capital outlay expenditures in its calculations, such as school buses and other types of equipment. The Census student numbers (the denominator in the expenditure-per-student calculation) include pre-kindergarten students. The Bureau of Legislative Research's per-student calculations provided in this report do not include pre-kindergarten students.



**Data Source:** U.S. Census, Public Elementary-Secondary Education Finances, Table 1 and Table 19, <https://www.census.gov/programs-surveys/school-finances/data/tables.html>

In 2015, capital outlay expenditures made up 9.6% of all district expenditures in Arkansas, compared with the national average of 8.2%.



**Data Source:** U.S. Census, Public Elementary-Secondary Education Finances, Table 1 and Table 19, <https://www.census.gov/programs-surveys/school-finances/data/tables.html>

## FACILITIES DISTRESS

In 2005, Act 1426 established the Academic Facilities Distress Program to provide the state with a mechanism to intervene when districts are not providing adequate academic facilities or complying with facilities rules. Facilities distress is one of two state programs (the other is fiscal distress) used to identify, correct, or sanction a district or school that has not maintained the health and safety of its academic facilities. Although schools or districts placed in facilities distress are given opportunities to address academic facilities issues, the facilities distress program allows the state to exert control over a noncompliant school or district by enforcing statutes regarding construction, health, safety, and other standards.

The following sections discuss the process of the facilities distress designation, the requirements, and steps to be removed from it.

### IDENTIFICATION AND CLASSIFICATION

State law requires the Division to conduct random unannounced on-site inspections of all academic facilities in the state [§ 6-21-813(a)]. The Division employs six full-time inspectors (and one supervisor) to examine the roughly 1,050 schools, each with multiple buildings. During the nine-month school year, inspectors complete about 2,000 building inspections, about a fourth of all school buildings. It takes about four years to inspect all school buildings.

State statute outlines specific systems that must be included as a part of every inspection [§ 6-21-813(e)(1)], and inspectors also look for compliance with maintenance, custodial, health, and safety regulations. They also review documentation for preventative maintenance, fire alarm testing, current permits, and submission of any necessary reports. The inspector may point out small issues that can be easily resolved and refer possible code violations to the appropriate state or city code enforcement agency.

When a code violation is discovered and reported, maintenance personnel are required to schedule a follow-up inspection with the Division and submit a work order through the Computerized Maintenance Management System (CMMS) known as *School Dude*. This program is used by schools and districts to send maintenance requests, but it allows the Division to view and track the progress of work orders to confirm that all academic facility deficiencies have been corrected.

The Division also uses findings from its inspections and maintenance management system for an early intervention program, created by Act 798 of 2009. The program was designed to identify early indications of facilities distress known as nonmaterial failures. A *nonmaterial failure* is an activity or condition that, if left unresolved, may lead to a more serious infraction. Districts with two or more nonmaterial failures must be notified by the Division no later than August 31<sup>st</sup> [§ 6-21-811 (c)(1)(2)]. Superintendents are also required by statute to notify the Division of any early facilities distress indicators.

In 2016-17, the Division used the early intervention program to notify six districts with two or more nonmaterial failures. All of the districts' facilities issues were corrected and no further action was required.

When a nonmaterial failure remains unresolved, it may become a material failure. A *material failure* is an act or condition so significant that it can endanger the health and safety of the academic facility. These acts or conditions (as defined by statute) include the following:

- A material failure to properly maintain an academic facility;
- A material violation of local or federal health, safety, fire, or building codes;
- A material failure to provide timely and accurate facilities master plans to the Division (The state requires a six-year district wide facilities plan for each district to address

schedules for custodial duties, maintenance, other tasks as assigned [§ 6-21-806(a)(1)(b)];

- A material failure to comply with state laws regarding purchasing, bid requirements, or school construction of academic facilities projects;
- A material default on any school district debt obligation; or
- A material failure to plan and progress satisfactorily toward accomplishing the priorities established by the Division [§ 6-21-811(1)(A-G)].

The Facilities Division performs inspections and investigations to identify schools or districts for potential facilities distress classification by the Commission for Arkansas Public School Academic Facilities and Transportation.

The Division may identify a school or district with two or more material failures to be classified as being in facilities distress by the Commission for Arkansas Public School Academic Facilities and Transportation. No individual schools have been placed in facilities distress, and to date only one school district has received that designation. In 2008, Hermitage School District was put in facilities distress due to building code and procurement law violations. After correction of the violations, Hermitage was removed from facilities distress in 2009.

## REQUIREMENTS AND REMOVAL

A district in facilities distress is required to submit a facilities improvement plan for Division approval [§ 6-21-811 (d)(1)]. The plan must identify and provide a detailed timeframe to remedy all material failure(s) that led to facilities distress. During this time, districts or schools in facilities distress are provided with additional support to procure financial resources to improve academic facilities, technical assistance, and administrative oversight from the Division. If a district or school has immediate needs for urgent repairs, renovations or construction, it may apply for a loan from the Division [§ 6-21-811 (k)(1)(A)] or other assistance, such as the Academic Facilities Partnership Program. If a loan is provided, it must be repaid from funds not required to provide an adequate education. In addition, a school or district in facilities distress may not incur a new debt obligation without permission from the Division.

Besides restrictions on debt, the Division (with permission from the Commission) can impose other sanctions on schools or districts in facilities distress such as:

- Requiring a special election for a millage increase to support facilities construction or repair;
- Requiring the superintendent to step down and appoint a replacement;
- Suspending or removing local school board members;
- Assuming authority over a district in facilities distress;
- Prohibiting the district from spending money on any activity that is not part of providing an adequate education; or
- Petitioning the State Board of Education to consolidate, annex, reconstitute, or dissolve the district.

During this time, students may transfer to another district or school that is not in facilities distress [§ 6-21-812]. To be removed from facilities distress, the Division must certify that the school or district has corrected all issues that caused it to be in facilities distress. Then, the Commission must approve the Division's recommendation for removal. Schools or districts in facilities distress must correct their academic facility issues within five consecutive school years [§ 6-21-811(g)(11)(C)]. A school district that cannot be removed from facilities distress within five years must be consolidated, annexed, or reconstituted. However, the State Board may grant more time if it determines that the school or district could not be removed from facilities distress "due to impossibility caused by external forces beyond the control of the public school or school district."

## CONCLUSION

The Partnership Program was created in 2005 to help districts pay for facilities construction projects. The General Assembly designed the program as a partnership between the state and local school districts where the cost of facilities projects is a shared responsibility. A central component of the funding program is the facilities wealth index, which is a measure of a district's property wealth and its total student population compared with other districts throughout the state. The Commission for Arkansas Public School Academic Facilities and Transportation covers a greater share of the cost of funding projects in districts with low wealth indexes.

As of November 28, 2017, the Facilities Division has provided to districts or committed to providing them a total of \$1,330,066,873 in total facilities funding through FY18 (that figure includes early temporary facilities programs and the cost of consultants hired by the Division), and the Division has received or is expected to receive through FY18 a total of \$1,346,668,949 since the facilities programs inception. That leaves about \$16.6 million in excess funding to be used to fund future projects, including those already approved for FY19.

Of the 235 currently operating districts, 17 have never received any Partnership Program payments. However, three of these districts have approved and funded Partnership projects in the works for the 2015-17 or 2017-19 funding cycle. Six of the 17 districts received funding from earlier facilities funding programs (Immediate Repair or Transitional). Ten districts have never received state funding for facilities and have no currently approved and funded projects in process. Nine of those ten districts have a Facilities Wealth Index above .90, which means they would qualify for only a small percentage of project costs to be covered by the state. Some of these districts may have decided the small amount of state funding available was not worth the time and effort it takes to apply.

To generate local revenue for districts' share of the cost of construction project, districts typically levy debt service mills. According to the millages approved in 2016 (for collection in 2017), all districts but two (Salem and Gosnell) have passed some level of debt service mills. The number of debt service mills each district has ranges from 1.30 to 23.90. The average number of debt service mills among Arkansas school districts is just over 12 mills. Since 2005, 168 of the current 235 districts have sought an increase to their debt service millage along with five districts that have since been consolidated into other districts. At least 19 of the school districts that have had millage elections between 2005 and 2017 to increase debt service mills have never been successful, including three districts whose only attempts have been in 2016 or 2017.

This report examined the impact of the facilities wealth index on the amount of Partnership funding districts receive. Districts with the lowest wealth indexes received more financial assistance through the Partnership Program than those with higher wealth indexes, which simply reflects the design of the program. This report also found that as districts' Partnership Program funding per student increases, the total amount of money districts spent on facilities (from all funding sources) per student also increases, suggesting that receiving Partnership funding increases districts' ability and/or willingness to spend money on facilities improvements.

The Facilities Division uses findings from its inspections and maintenance management system for an early intervention program, created by Act 798 of 2009. The program was designed to identify early indications of facilities distress known as nonmaterial facilities failures. Districts with two or more nonmaterial failures must be notified by the Division. In 2016-17, the Division used the early intervention program to notify six districts with two or more nonmaterial failures. All of the districts' facilities issues were corrected and no further action was required.

When a nonmaterial failure remains unresolved, it may become a material failure. A school or district with two or more material failures may be classified as being in facilities distress by the Commission for Arkansas Public School Academic Facilities and Transportation. No individual

schools have been placed in facilities distress, and to date only one school district has received that designation. In 2008, Hermitage School District was put in facilities distress due to building code and procurement law violations. After correction of the violations, Hermitage was removed from facilities distress in 2009.

Act 801 of 2017 tasked the Advisory Committee on Public School Academic Facilities, which advises the Facilities Division, with conducting a comprehensive review of the school facilities programs. The issues the study must review include the efficacy of the facilities wealth index, the project prioritization process, the cost factors used in the Partnership Program and the degree to which school districts are complying with usage requirements for the statewide computerized maintenance management system. The Advisory Committee, with newly appointed members, began meeting in July 2017 and is required to produce a report with its analysis by July 31, 2018.

**APPENDIX**

The following table shows a simplified version of the calculation used to determine each district's facilities wealth index. The full calculation can be found at [http://arkansasfacilities.arkansas.gov/public/userfiles/Partnership\\_Program/2017\\_2019/Facilities\\_Wealth\\_Index\\_2016-17.pdf](http://arkansasfacilities.arkansas.gov/public/userfiles/Partnership_Program/2017_2019/Facilities_Wealth_Index_2016-17.pdf).

LEA	School District	2015 Value of 1 Mill	Greater of FY16 ADM or 3 Year Avg.	2015 Value of 1 Mill/ADM 168.96	FY17 Wealth Index (District Share)	FY17 (State Share)
2703	Poyen	12,689.41	564.98	22.46	0.13293	0.86707
2906	Spring Hill	16,179.93	563.64	28.71	0.16990	0.83010
3209	Southside	63,925.64	1,719.36	37.18	0.22005	0.77995
4602	Genoa Central	44,673.31	1,145.97	38.98	0.23072	0.76928
4708	Gosnell	51,344.16	1,307.76	39.26	0.23237	0.76763
3509	Watson Chapel	111,508.33	2,738.91	40.71	0.24096	0.75904
6703	Horatio	34,729.35	844.30	41.13	0.24345	0.75655
1802	Earle	26,900.01	603.74	44.56	0.26370	0.73630
5401	Barton-Lexa	36,744.08	813.53	45.17	0.26732	0.73268
407	Pea Ridge	91,807.68	1,953.79	46.99	0.27811	0.72189
6301	Bauxite	79,448.87	1,625.38	48.88	0.28930	0.71070
5804	Pottsville	83,159.77	1,693.42	49.11	0.29064	0.70936
502	Bergman	54,413.09	1,101.26	49.41	0.29243	0.70757
7504	Dardanelle	104,918.21	2,075.34	50.55	0.29921	0.70079
5205	Harmony Grove	48,542.67	959.83	50.57	0.29933	0.70067
3606	Westside	33,897.34	666.53	50.86	0.30100	0.69900
3005	Ouachita	26,267.55	510.97	51.41	0.30426	0.69574
1702	Cedarville	43,785.34	848.16	51.62	0.30554	0.69446
7503	Danville	44,324.31	857.93	51.66	0.30578	0.69422
6304	Harmony Grove	60,264.35	1,163.87	51.78	0.30646	0.69354
5608	East Poinsett County	36,924.92	703.65	52.48	0.31058	0.68942
6802	Cave City	67,030.70	1,272.97	52.66	0.31165	0.68835
3806	Sloan-Hendrix	37,978.49	716.28	53.02	0.31381	0.68619
2307	Vilonia	170,597.21	3,210.36	53.14	0.31451	0.68549
6401	Waldron	78,714.65	1,473.31	53.43	0.31621	0.68379
7208	West Fork	60,463.38	1,127.02	53.65	0.31752	0.68248
1304	Woodlawn	29,577.76	550.99	53.68	0.31771	0.68229
4712	Manila	57,126.76	1,056.95	54.05	0.31989	0.68011
5006	Prescott	54,456.01	1,003.62	54.26	0.32114	0.67886
3804	Hoxie	46,920.31	861.89	54.44	0.32220	0.67780
7201	Elkins	62,497.53	1,139.84	54.83	0.32451	0.67549
6701	Dequeen	132,597.76	2,410.22	55.01	0.32561	0.67439
4603	Fouke	56,795.98	1,028.48	55.22	0.32684	0.67316
1701	Alma	178,722.25	3,223.05	55.45	0.32819	0.67181
3002	Glen Rose	56,272.81	1,012.78	55.56	0.32885	0.67115
4901	Caddo Hills	32,432.12	577.86	56.12	0.33217	0.66783
1613	Riverside	45,973.65	818.45	56.17	0.33245	0.66755
5303	Perryville	54,914.46	965.92	56.85	0.33648	0.66352
7303	Bradford	25,261.43	441.77	57.18	0.33844	0.66156
505	Valley Springs	53,162.81	916.59	58.00	0.34328	0.65672
5803	Hector	33,955.78	583.89	58.15	0.34419	0.65581
203	Hamburg	111,207.68	1,910.73	58.20	0.34447	0.65553
602	Warren	94,893.46	1,621.40	58.53	0.34639	0.65361
501	Alpena	30,164.91	513.44	58.75	0.34772	0.65228
3604	Lamar	74,090.22	1,259.61	58.82	0.34813	0.65187
1703	Mountainburg	39,082.86	663.10	58.94	0.34884	0.65116
4202	Magazine	32,402.70	546.48	59.29	0.35093	0.64907
6205	Palestine-Wheatley	45,410.57	759.82	59.76	0.35372	0.64628
4003	Star City	94,545.86	1,576.49	59.97	0.35495	0.64505
7205	Lincoln Consolidated	72,369.61	1,203.80	60.12	0.35581	0.64419
5707	Cossatot River	65,484.37	1,087.82	60.20	0.35628	0.64372
5605	Trumann	97,598.05	1,615.04	60.43	0.35766	0.64234

LEA	School District	2015 Value of 1 Mill	Greater of FY16 ADM or 3 Year Avg.	2015 Value of 1 Mill/ADM 168.96	FY17 Wealth Index (District Share)	FY17 (State Share)
5301	East End	40,346.49	663.84	60.78	0.35971	0.64029
1803	West Memphis	345,570.28	5,682.25	60.82	0.35994	0.64006
2803	Marmaduke	45,899.98	751.23	61.10	0.36162	0.63838
2402	Charleston	54,462.48	888.81	61.28	0.36266	0.63734
1601	Bay	35,622.99	579.76	61.44	0.36366	0.63634
1603	Brookland	134,961.24	2,192.15	61.57	0.36438	0.63562
2502	Salem	48,356.38	785.23	61.58	0.36448	0.63552
5802	Dover	86,822.08	1,402.61	61.90	0.36636	0.63364
5502	Centerpoint	59,465.20	956.97	62.14	0.36777	0.63223
2203	Monticello	130,028.82	2,052.02	63.37	0.37504	0.62496
803	Green Forest	77,487.24	1,213.08	63.88	0.37805	0.62195
5801	Atkins	64,568.23	1,001.01	64.50	0.38176	0.61824
3601	Clarksville	171,074.77	2,644.85	64.68	0.38282	0.61718
7302	Beebe	212,278.80	3,256.43	65.19	0.38581	0.61419
4304	Cabot	668,073.62	10,110.32	66.08	0.39109	0.60891
4201	Booneville	83,625.34	1,255.50	66.61	0.39422	0.60578
5201	Bearden	34,844.70	519.93	67.02	0.39665	0.60335
3001	Bismarck	65,197.43	972.79	67.02	0.39667	0.60333
6102	Maynard	29,978.77	445.12	67.35	0.39861	0.60139
1305	Cleveland County	58,745.91	870.94	67.45	0.39921	0.60079
5102	Jasper	59,017.77	873.15	67.59	0.40004	0.59996
7202	Farmington	160,258.14	2,368.47	67.66	0.40047	0.59953
5706	Ouachita River	48,674.88	716.31	67.95	0.40218	0.59782
1602	Westside Consolidated	115,775.90	1,702.87	67.99	0.40239	0.59761
1905	Wynne	186,473.88	2,720.95	68.53	0.40561	0.59439
5604	Marked Tree	38,317.79	556.59	68.84	0.40745	0.59255
5106	Deer/Mt. Judea	24,572.09	356.37	68.95	0.40809	0.59191
6201	Forrest City	183,507.11	2,659.65	69.00	0.40836	0.59164
3405	Jackson County	60,445.40	875.50	69.04	0.40862	0.59138
6103	Pocahontas	131,675.29	1,891.71	69.61	0.41197	0.58803
6603	Hackett	62,996.27	894.49	70.43	0.41682	0.58318
7206	Prairie Grove	133,227.78	1,871.96	71.17	0.42122	0.57878
5204	Camden-Fairview	182,895.29	2,566.25	71.27	0.42181	0.57819
2601	Cutter-Morning Star	43,029.76	600.03	71.71	0.42443	0.57557
2901	Blevins	35,229.01	488.61	72.10	0.42673	0.57327
2002	Fordyce	59,385.52	823.44	72.12	0.42684	0.57316
2305	Mayflower	78,909.15	1,093.91	72.13	0.42693	0.57307
3105	Nashville	138,674.13	1,917.81	72.31	0.42796	0.57204
4706	Rivercrest	90,624.52	1,246.90	72.68	0.43016	0.56984
3102	Dierks	41,342.68	565.75	73.08	0.43250	0.56750
2303	Greenbrier	247,593.07	3,374.62	73.37	0.43424	0.56576
2104	Dumas	102,182.20	1,389.49	73.54	0.43524	0.56476
6605	Lavaca	62,478.01	849.17	73.58	0.43546	0.56454
1705	Van Buren	427,980.54	5,814.65	73.60	0.43563	0.56437
7207	Springdale	1,568,648.75	21,165.23	74.11	0.43865	0.56135
801	Berryville	148,940.34	2,007.03	74.21	0.43921	0.56079
4301	Lonoke	131,576.30	1,765.06	74.54	0.44120	0.55880
2705	Sheridan	309,739.56	4,144.19	74.74	0.44235	0.55765
7509	Western Yell County	31,001.87	414.03	74.88	0.44317	0.55683
6606	Mansfield	62,725.99	837.53	74.89	0.44326	0.55674
4203	Paris	81,909.12	1,092.67	74.96	0.44367	0.55633
4302	England	57,069.15	759.36	75.15	0.44480	0.55520
2903	Hope	184,602.70	2,449.81	75.35	0.44598	0.55402
2807	Greene County Tech	271,925.74	3,577.89	76.00	0.44982	0.55018
2202	Drew Central	73,966.13	963.67	76.75	0.45427	0.54573
4702	Blytheville	181,671.25	2,352.54	77.22	0.45705	0.54295
1104	Piggott	69,443.78	899.12	77.24	0.45712	0.54288
1106	Rector	46,448.17	600.04	77.41	0.45814	0.54186
1612	Valley View	209,414.12	2,701.29	77.52	0.45883	0.54117
7307	Riverview	105,398.18	1,358.05	77.61	0.45934	0.54066
601	Hermitage	32,473.28	418.27	77.64	0.45950	0.54050

LEA	School District	2015 Value of 1 Mill	Greater of FY16 ADM or 3 Year Avg.	2015 Value of 1 Mill/ADM 168.96	FY17 Wealth Index (District Share)	FY17 (State Share)
406	Siloam Springs	318,144.16	4,089.40	77.80	0.46045	0.53955
2808	Paragould	241,025.48	3,066.04	78.61	0.46526	0.53474
4401	Huntsville	182,133.19	2,284.93	79.71	0.47177	0.52823
4102	Foreman	40,974.64	508.60	80.56	0.47682	0.52318
3301	Calico Rock	33,627.49	414.78	81.07	0.47983	0.52017
7007	Parkers Chapel	63,887.59	787.35	81.14	0.48024	0.51976
5008	Nevada	34,175.95	421.02	81.17	0.48043	0.51957
302	Cotter	54,987.85	677.00	81.22	0.48072	0.51928
504	Omaha	33,346.36	405.30	82.28	0.48695	0.51305
6302	Benton	412,362.57	5,001.28	82.45	0.48799	0.51201
1605	Buffalo Island Central	65,999.34	789.37	83.61	0.49485	0.50515
2404	Ozark	154,635.47	1,844.30	83.85	0.49624	0.50376
1901	Cross County	52,595.91	626.76	83.92	0.49667	0.50333
5703	Mena	148,683.41	1,759.07	84.52	0.50026	0.49974
6505	Ozark Mountain	55,558.97	656.89	84.58	0.50058	0.49942
5403	Helena-W Helena	130,356.30	1,540.98	84.59	0.50067	0.49933
5901	Des Arc	46,121.43	542.30	85.05	0.50336	0.49664
3502	Dollarway	106,570.01	1,252.39	85.09	0.50363	0.49637
6303	Bryant	765,689.82	8,954.93	85.50	0.50606	0.49394
6502	Searcy County	71,460.09	834.27	85.66	0.50696	0.49304
5602	Harrisburg	105,843.48	1,227.79	86.21	0.51022	0.48978
1003	Gurdon	62,503.67	714.63	87.46	0.51765	0.48235
1804	Marion	359,517.54	4,107.71	87.52	0.51801	0.48199
2501	Mammoth Spring	39,713.54	452.26	87.81	0.51971	0.48029
4204	Scranton	36,178.10	411.12	88.00	0.52082	0.47918
3505	Pine Bluff	370,281.07	4,166.94	88.86	0.52593	0.47407
7510	Two Rivers	72,533.42	812.42	89.28	0.52841	0.47159
6004	Jacksonville N Pulaski	372,188.53	4,157.45	89.52	0.52985	0.47015
2306	Mount Vernon/Enola	44,885.64	499.84	89.80	0.53148	0.46852
6002	N Little Rock	756,865.27	8,377.94	90.34	0.53468	0.46532
3302	Melbourne	78,903.15	868.37	90.86	0.53778	0.46222
4713	Osceola	115,988.06	1,272.85	91.12	0.53932	0.46068
402	Decatur	53,230.73	582.78	91.34	0.54059	0.45941
3201	Batesville	274,274.27	2,986.95	91.82	0.54346	0.45654
3810	Lawrence County	90,914.97	987.96	92.02	0.54464	0.45536
5504	So Pike County	64,799.72	703.32	92.13	0.54530	0.45470
4605	Texarkana	391,511.09	4,243.75	92.26	0.54602	0.45398
901	Dermott	37,077.50	400.20	92.65	0.54834	0.45166
7301	Bald Knob	115,671.40	1,243.11	93.05	0.55072	0.44928
6901	Mountain View	155,191.37	1,660.86	93.44	0.55303	0.44697
2605	Lake Hamilton	412,298.43	4,393.78	93.84	0.55538	0.44462
4502	Yellville-Summit	67,803.78	715.37	94.78	0.56097	0.43903
4303	Carlisle	64,851.31	680.21	95.34	0.56427	0.43573
3510	White Hall	279,265.32	2,922.24	95.57	0.56561	0.43439
7001	El Dorado	432,741.17	4,504.18	96.08	0.56863	0.43137
2607	Mountain Pine	52,111.70	541.32	96.27	0.56976	0.43024
1608	Jonesboro	567,558.30	5,860.59	96.84	0.57317	0.42683
3809	Hillcrest	39,148.30	403.94	96.92	0.57360	0.42640
6602	Greenwood	351,722.65	3,622.90	97.08	0.57459	0.42541
2503	Viola	39,530.74	405.35	97.52	0.57719	0.42281
5503	Kirby	33,917.29	347.47	97.61	0.57772	0.42228
3003	Magnet Cove	67,189.90	682.18	98.49	0.58293	0.41707
7204	Greenland	84,021.53	851.07	98.72	0.58430	0.41570
506	Lead Hill	37,159.84	367.42	101.14	0.59858	0.40142
2403	County Line	46,628.62	459.24	101.53	0.60093	0.39907
7304	White County Central	73,258.42	713.54	102.67	0.60765	0.39235
4802	Clarendon	56,497.22	546.78	103.33	0.61154	0.38846
6804	Highland	162,976.31	1,576.53	103.38	0.61184	0.38816
3704	Lafayette County	68,486.71	652.70	104.93	0.62102	0.37898
1002	Arkadelphia	202,305.71	1,912.44	105.78	0.62609	0.37391
6601	Fort Smith	1,510,706.93	14,250.01	106.01	0.62745	0.37255

LEA	School District	2015 Value of 1 Mill	Greater of FY16 ADM or 3 Year Avg.	2015 Value of 1 Mill/ADM 168.96	FY17 Wealth Index (District Share)	FY17 (State Share)
7403	Mccrory	65,324.60	609.63	107.15	0.63420	0.36580
1101	Corning	102,479.01	934.69	109.64	0.64891	0.35109
7003	Junction City	57,699.90	525.94	109.71	0.64931	0.35069
3004	Malvern	228,793.67	2,074.66	110.28	0.65270	0.34730
401	Bentonville	1,776,386.04	16,052.18	110.66	0.65496	0.34504
403	Gentry	158,378.85	1,427.61	110.94	0.65660	0.34340
1507	So Conway County	247,967.21	2,224.05	111.49	0.65988	0.34012
3306	Izard Co Consolidate	55,087.60	490.74	112.25	0.66438	0.33562
903	Lakeside	121,344.25	1,070.82	113.32	0.67068	0.32932
2105	Mcgehee	133,591.32	1,163.98	114.77	0.67928	0.32072
3403	Newport	146,761.83	1,252.11	117.21	0.69372	0.30628
5903	Hazen	74,281.52	632.46	117.45	0.69512	0.30488
7310	Rose Bud	99,850.35	841.73	118.63	0.70209	0.29791
2301	Conway	1,169,735.81	9,711.25	120.45	0.71290	0.28710
1402	Magnolia	346,697.01	2,874.01	120.63	0.71396	0.28604
101	Dewitt	152,521.18	1,256.87	121.35	0.71821	0.28179
7009	Strong-Huttig	42,655.59	348.25	122.49	0.72493	0.27507
405	Rogers	1,856,297.32	15,056.42	123.29	0.72969	0.27031
503	Harrison	334,344.11	2,699.86	123.84	0.73294	0.26706
1408	Emerson-Taylor-Bradley	123,347.61	979.13	125.98	0.74560	0.25440
3211	Midland	65,306.78	510.23	127.99	0.75754	0.24246
104	Stuttgart	215,947.10	1,659.67	130.11	0.77009	0.22991
2606	Lakeside	440,674.79	3,367.22	130.87	0.77457	0.22543
7008	Smackover-Norphlet	154,515.26	1,175.90	131.40	0.77770	0.22230
4501	Flippin	107,336.27	808.97	132.68	0.78529	0.21471
7311	Searcy Special	567,864.12	4,149.38	136.86	0.80998	0.19002
1611	Nettleton	451,263.16	3,285.17	137.36	0.81299	0.18701
4801	Brinkley	74,793.59	538.87	138.80	0.82147	0.17853
2304	Guy-Perkins	54,698.35	392.74	139.27	0.82430	0.17570
201	Crossett	248,193.10	1,752.75	141.60	0.83808	0.16192
1704	Mulberry/Pleasant View	52,224.34	367.29	142.19	0.84155	0.15845
2604	Jessieville	129,782.14	900.59	144.11	0.85291	0.14709
7309	Pangburn	109,465.73	758.22	144.37	0.85447	0.14553
304	Norfolk	64,262.57	442.97	145.07	0.85861	0.14139
701	Hampton	78,909.73	540.25	146.06	0.86447	0.13553
4101	Ashdown	209,929.44	1,426.83	147.13	0.87079	0.12921
7401	Augusta	59,273.99	390.75	151.69	0.89780	0.10220
303	Mountain Home	595,271.68	3,922.63	151.75	0.89816	0.10184
4902	Mount Ida	74,403.93	489.57	151.98	0.89949	0.10051
404	Gravette	280,944.08	1,821.25	154.26	0.91299	0.08701
6001	Little Rock	3,477,675.91	22,461.44	154.83	0.91636	0.08364
7203	Fayetteville	1,492,624.40	9,534.82	156.54	0.92651	0.07349
7102	Clinton	204,950.01	1,292.57	158.56	0.93844	0.06156
3904	Lee County	130,358.78	819.05	159.16	0.94198	0.05802
2603	Hot Springs	585,532.64	3,618.95	161.80	0.95760	0.04240
1202	Heber Springs	296,314.09	1,764.44	167.94	0.99394	0.00606
802	Eureka Springs	216,139.56	619.93	348.65	0.99500	0.00500
1201	Concord	82,569.91	450.67	183.22	0.99500	0.00500
1203	Quitman	173,293.64	639.56	270.96	0.99500	0.00500
1204	West Side	167,317.13	461.47	362.57	0.99500	0.00500
1503	Nemo Vista	124,916.90	432.13	289.07	0.99500	0.00500
1505	Wonderview	91,617.26	424.82	215.66	0.99500	0.00500
2602	Fountain Lake	386,296.47	1,353.52	285.40	0.99500	0.00500
3104	Mineral Springs	192,642.37	405.90	474.61	0.99500	0.00500
3212	Cedar Ridge	158,842.07	845.27	187.92	0.99500	0.00500
4701	Armored	226,104.24	409.21	552.54	0.99500	0.00500
5404	Marvell	64,995.37	378.59	171.68	0.99500	0.00500
5805	Russellville	878,169.06	5,197.47	168.96	0.99500	0.00500
6003	Pulaski County	2,490,356.15	12,417.39	200.55	0.99500	0.00500
7104	Shirley	76,768.92	403.17	190.41	0.99500	0.00500
7105	South Side	193,834.13	497.35	389.73	0.99500	0.00500