



Student Growth and Declining Enrollment Funding

School districts receive foundation funding based on their average daily membership (ADM), a measure of student count. When a district's ADM grows or declines rapidly, their costs may not decrease or increase at the same pace. To adjust for changes in ADM from one year to the next, the state provides funding through two funding programs: **student growth funding** and **declining enrollment funding**.

Student Growth Funding

Student growth funding is the additional funding school districts receive to handle increasing numbers of students. This funding program was first made available to local school districts in 1996 based on Act 917 of 1995. However, it was significantly modified during the 2003 legislative session to align with the new foundation funding system put in place that year.

School districts are eligible for growth funding if they have more students in the current year than they had in the previous year. The funding is calculated on a quarterly basis. The funding calculation, established in A.C.A. §6-20-2305(c)(2)(A), multiplies 1/4 of the per-student foundation funding rate by the increase in the ADM of each quarter in current year compared with the prior year 3Q ADM. In 2012-13, 104 districts received about \$35.5 million in student growth funding. For the districts that received this funding, the individual district payments for the year ranged from \$1,034 (Ouachita) to \$4.4 million (Bentonville). (These numbers do not include open enrollment charter schools.)

The following five districts received the most student growth funding in 2012-13:

District	Student Growth Funding
Bentonville	\$4,419,159
Springdale	\$3,885,759
Bryant	\$2,118,230
Rogers	\$1,991,198
Pulaski Co.	\$1,356,539

Districts collectively spent about \$28.4 million in student growth funding in 2012-13. (Because districts do not receive their full student growth funding allotment until the end of the school year, some expenditures carry over to the following year.)

2012-13 Student Growth	
Funding	\$35,476,686
Expenditures	\$28,352,624

Declining Enrollment Funding

Declining enrollment funding, established in A.C.A. §6-20-2305(a)(3)(A)(i), is designed to provide extra money to schools to help them deal with a decrease in foundation funding resulting from the loss of students. It was created by Act 21 of the First Extraordinary Session of 2006.

To calculate declining enrollment funding, districts subtract the average ADM for the previous two years from the ADM for the previous year and multiply that amount by the per-student foundation funding amount. In 2012-13, 89 districts received declining enrollment funding. For the districts that received this funding, the individual district payments for the year ranged from \$8,962 (Mulberry/Pleasant View Bi-County) to just over \$1 million (Helena-West Helena). (These numbers do not include open enrollment charter schools.)

The following five districts received the most declining enrollment funding in 2012-13:

District	Declining Enrollment
Helena-West Helena	\$1,080,556
Blytheville	\$499,605
Pine Bluff	\$413,653
Osceola	\$376,145
Little Rock	\$286,778

Districts collectively spent about \$8.4 million in declining enrollment funding in 2012-13. (Because districts do not receive their full declining enrollment funding allotment until the end of the school year, some expenditures carry over to the following year.)

2012-13 Declining Enrollment	
Funding	\$10,233,450
Expenditures	\$8,355,116

Because the calculations for declining enrollment funding and growth funding use ADM data from different years, it is possible for districts to qualify for both growth funding and declining enrollment funding in the same year. For example, a district that lost students in the previous year and gained students in the current year would be eligible for both declining enrollment and student growth funding. However, state statute prohibits school districts from actually receiving both declining enrollment funding and student growth funding in the same year. When a district is eligible for both types of funding, the Arkansas Department of Education provides the funding type that offers the most money to the district. State statute also prohibits districts from receiving both declining enrollment funding and **isolated special needs funding**, another type of funding provided to districts that are considered isolated.

Funding Uses

Both student growth and declining enrollment funding are considered unrestricted, meaning districts can use the funding however they believe best fits their needs.