



Research Report

Research Project 06-137

Educating Rural Arkansas: Issues of Declining Enrollment, Isolated Schools, and High-Poverty Districts

Prepared for
**Adequacy Study Oversight Subcommittee
of the
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Executive Summary

According to the Southern Regional Education Board (SREB) publication, *Goals for Education Challenge to Lead: Arkansas 2006*, Arkansas is projected to have a one percent decrease in enrollment by 2012. For the period 2002 to 2012, eleven SREB states are projected to have fewer students at the end of that ten-year period. At least one-third of Arkansas counties are projected to have declines in school-age population between 2005 and 2030. The school districts in those counties will undoubtedly be impacted with corresponding enrollment declines and economic decline. Some districts will close and combine with others, making those that remain more isolated.

Many of the resulting districts will have lower density and greater distances between schools and the students they serve. Some of the districts involved are already suffering from poverty as well. Poverty in the areas of the state with declining enrollment exacerbates the difficulties of providing an adequate education to students in these areas. As the percentage of students in poverty within a district rises so does the need for additional student services. The district may struggle to meet minimum standards while needing to provide additional resources for their students. In Arkansas, these problems impact rural areas more than the state's urban areas. However, there are some mid-sized cities that are also facing declining enrollment and high concentrations of poverty. Hence, this report will address issues and needs of all districts with these needs.

Purpose of the Report

Resources provided in Arkansas to meet the various needs of school districts with declining enrollment, isolated schools, and high poverty are presented in this report. Selected programs from other states also are discussed to gain a better understanding of the range of efforts that have been undertaken to address the needs of school districts.

Sources of information for the report include existing professional literature; the Arkansas Department of Education; the Southern Regional Education Board; education officials in other states; interviews with principals and superintendents that were conducted by Bureau of Legislative Research staff during the adequacy update study; and an in-depth interview with a superintendent of an isolated district in Arkansas. This report is presented in partial fulfillment of the requirements of Act 57 of the Second Extraordinary Session of 2003, specifically subsection (6) which states, "Review and continue to evaluate the costs of an adequate education for all students in Arkansas, taking into account cost of living variances, diseconomies of scale, transportation variability, demographics, school districts with a disproportionate number of students who are economically disadvantaged or have educational disabilities, and other factors as deemed relevant, and recommend any necessary changes."

Declining Enrollment

In Arkansas, funding for declining enrollment in FY 2006-07 is established by Act 21 of the First Extraordinary Session of 2006. For the upcoming biennium, decisions must be made concerning whether to continue the current funding method. Some states make no provision for declining enrollment and some provide foundation funding on the basis of a rolling average for a period of either two or three years.

Isolated Schools

Isolated schools and strategies for meeting the needs of their students are being effected by the consolidation of districts with declining enrollments. Rules governing the closing of isolated schools in the state should be reevaluated. Funding provisions for the schools need to be redrafted. Currently isolated schools funded prior to 2004-05 are funded at levels prescribed by law and the original qualifications for that funding are no longer considered for that group of schools. Special needs funding for a more restricted group of schools is now available. The requirements for this funding partially include some of the requirements from the original isolated school funding. Some other states have a variety of programs using measures ranging from distance to the nearest school, to school size, to sparsity of population for the determination of funding.

High-Poverty Districts

Raising achievement in districts with high concentrations of poverty has been shown by research to be more difficult than in districts with lower concentrations (Gewertz, 2005). Arkansas has chosen to approach this issue by providing increased funding at three distinct levels of percentages of students eligible for the National School Lunch Act. Other states provide funding for this purpose in a wide assortment of ways; for example, different measures of poverty are used in some states. The states also range in the level of funding provided. Some states, such as Arkansas, provide this funding through a separate funding mechanism, whereas other states include weights or other formula adjustments to their basic foundation funding. Issues facing Arkansas include whether to target existing poverty funding more specifically or to provide increased poverty funding for a more targeted group of districts, and whether to formulate a funding formula that has a linear, smoothed function instead of the three distinct levels currently funded. Arkansas must also consider whether to change the focus of the funding or to restrict it in any way for certain purposes.

Conclusion

Education policy leaders in the state will need to consider which options will best provide an adequate education for students in districts with declining enrollment, isolated schools and high-poverty. Issues to review include further consolidation including county-wide districts, transportation, distance learning and funding for poverty-stricken areas of the state. Challenges ahead include staffing the remaining schools to meet and exceed standards, providing educational leadership, complying with NCLB requirements, transporting students and facilitating student, parent and community involvement with these schools.

Introduction

Approximately 25% to 30% of the children in this country go to schools in rural areas (Reeves, 2003), and about 49% of public schools in the U.S. are classified as rural (McLaughlin et al., 2005). Rural schools can be either inside or outside a metropolitan statistical area (or MSA), but are defined by the National Center for Education Statistics (2006) as located in a 'place' with a population of less than 2,500. Some of these characteristics are typically viewed as advantageous, such as fewer students, smaller classes, and more interaction between staff and students. Other characteristics that can pose major challenges for education in these schools include declining enrollments, limited resources, difficulty with teacher retention, funding, and geographical isolation. (Government Accounting Office, 2004).

Many school districts in Arkansas will be and are facing the challenges, often in combination, of declining enrollment, families living in poverty, and geographic isolation. A rural superintendent was interviewed at length to elicit details on issues and needs of districts that struggle with these challenges. For example, he noted that many teachers are not interested in living in small rural communities, and/or their spouses are unable to find suitable employment in those communities. Furthermore, this superintendent reported that he has had to recruit teachers from other states because no recent graduates or experienced teachers in Arkansas were interested in living in a rural area. He believes these recruitment and retention problems are exacerbated for rural, isolated districts.

According to the Arkansas superintendent interviewed, many teachers currently hired in these "high demand" content areas are from other states, and an unusually large number are not retained due to substandard performance and disillusionment with rural communities. Many of these teachers also are recruited by other districts in Arkansas and by surrounding states with the allure of fewer classes to prepare for and higher pay in more urban settings. The rural context often provides additional hurdles to teaching students with divergent learning styles and paces. Geographical barriers and limited resources frequently act as significant impediments to recruitment and retention of teachers in rural areas. Teaching in small rural schools, particularly more isolated schools, frequently means the special education teacher is "isolated" from colleagues who have knowledge and skills to work with students who have special learning needs. This superintendent's impression is that there are only about six truly isolated districts in Arkansas.

Declining Enrollment in Arkansas

Funding

In the First Extraordinary Session of 2006, legislation was passed supporting schools with declining enrollment. This legislation was considered a one-time fix until the issue could be further studied. Act 20 of the First Extraordinary Session of 2006 provided \$10 million in funding for the 2006-07 fiscal year. This funding was based on legislation in Act 21 of the First Extraordinary Session of 2006. That legislation provided school districts with additional declining-enrollment funding equal to the difference between the average of the two immediately preceding years' average daily membership (ADM) and the average daily membership for the previous school year multiplied by \$5,620 or special needs isolated funding under A.C.A. § 6-20-

604. A school district may receive both declining enrollment and special needs funding only if sufficient funding is available.

A spreadsheet for the projected funding being provided this fiscal year (2006-07) with enrollment data may be found in Appendix A. The distribution is scheduled for June, 2007. The funding amount equals the difference between the average of the Average Daily Membership (ADM) for 2004-05 and 2005-06 and the 2005-06 ADM multiplied by \$5,620. The spreadsheet projects that 105 districts will qualify for declining enrollment funding out of 245 districts.

Acts 34 and 35 of the First Extraordinary Session of 2006 were also enacted to assist, among others, districts with declining enrollment in facilities construction. These acts require the Commission for Public School Facilities and Transportation to develop, by rule, the Academic Facilities Extraordinary Circumstances Program. This program would provide state financial assistance to eligible school districts that do not have sufficient means to contribute an amount of local resources necessary to qualify for state financial participation under the primary state academic facilities funding programs. It should be noted that districts seeking to participate under the primary state academic facilities funding programs may be refused based on the potential for falling below the minimum district size of 350. State facility expenditures in declining districts about to be consolidated are considered inadvisable just as districts in fiscal or academic distress.

Phantom Students

Foundation funding is currently provided to districts based on the third quarter ADM from the previous year regardless of any decline in the number of students that may occur in the current school year. All but one of the categorical program's funding is based on the ADM from the previous year. Alternative Learning Environment (ALE) funding is based on the previous year's count of FTEs in ALE programs. English Language Learning (ELL) funding is provided based on the number of ELL students in the current year. National School Lunch Act (NSLA) funding is determined from the NSLA count of the previous school year. Finally, Professional Development funding is determined by the number of students in the previous year. The state has proceeded cautiously with the provision of funding to schools with declining enrollment due to concerns related to phantom students.

The text of a memorandum from Tim Gauger, Deputy Attorney General, to the Chairs of the Senate and House Interim Committees on Education, dated February 21, 2006, is found in Appendix B. It specifically addresses these issues. This memorandum does not, however, address the declining enrollment funding established in Act 21 of the First Extraordinary Session of 2006. If further funding for declining enrollment is considered beyond the 2006-07 fiscal year, additional evaluation by the Attorney General's office will be beneficial.

Census Data.

Between 1980 and 1998, Benton, followed by Washington and Faulkner Counties, witnessed the most significant absolute gain of more than 30,000 persons. Jefferson, Mississippi and Phillips Counties saw the largest loss of over 7,000 persons. (UALR, 2000). The Population projections for each county through 2030 are included in Appendix C. Over one-third (26 of 75) of Arkansas counties are projected to decline in school-age population, aged five through nineteen years, between 2005 and 2030. Most of the counties identified are in the south and east section of the state.

Table 1 below reflects counties with declining school-age population over the next twenty-five years. Only six of the districts in these counties with declining school-age population are below 500 in ADM for the 2005-06 school year. Consolidation based on district size will likely not provide a remedy for these districts. Students in these districts are apt to become increasingly isolated and impoverished as the size and concentration of these areas of decline expand over the next 25 years.

Table 1 Counties with Declining School-Age Population.

Arkansas	Cross	Mississippi	Randolph
Ashley	Dallas	Monroe	St. Francis
Calhoun	Desha	Nevada	Searcy
Chicot	Jefferson	Newton	Union
Clay	Lafayette	Ouachita	Woodruff
Columbia	Lee	Phillips	
Conway	Little River	Prairie	

Declining Enrollment in Other States

Funding

Kansas provides per pupil funding based on the higher of either a three-year rolling average of enrollment or enrollment in the previous year (Rural School and Community Trust (2006). Finance formulas in Wisconsin and Vermont hold districts harmless from the previous year. Wisconsin guarantees at least 85% of the prior year's state aid, while Vermont provides at least 96.5% of the prior year's revenue.

Effect on Districts

Declining enrollment results in a loss of school revenue assuming funding is provided on a per pupil basis, as it is in Arkansas (Jimerson, 2006). It also results in higher per-pupil costs, since many educational expenses are fixed or nearly so. In a larger school with declining enrollment, staffing cuts are easier to make. In smaller schools, a ten percent cut in staff may result in losing a teacher needed to meet standards. In Arkansas, areas with declining enrollment that suffer a corresponding decrease in the area's tax base are protected from loss of local tax revenue. The state portion of funding goes up if local revenues decline. One potential liability for schools with declining enrollment is an inability to provide a wide range of curricular offerings, especially at the high school level. This can be resolved with distance technology. Inter-district collaborations also may provide cost savings for districts with declining enrollment through shared central office personnel and perhaps faculty. One other potential solution is the use of multi-grade classrooms. Sharing facilities with other agencies, leasing facilities, etc. Students left behind in areas with declining enrollment are often the poorest, least mobile, and most at-risk of educational failure (Jimerson, 2006).

Isolated Schools in Arkansas

Funding

Arkansas Code Ann. § 6-20-603 is currently used to determine which districts are to receive isolated funding. Arkansas Code Ann. § 6-20-601 is no longer used to make that determination. Prior to the 2004-05 school year, isolated funding for small schools was available. Small schools that received isolated funding in 2003-04 have been carried forward into the listing for isolated funding. The funding is distributed in two payments per school year. In 2005-06 the distribution was made with 75% in the first payment and 25% in the second.

In 2005-06 the following funding for 50 isolated districts was provided.

2005-06 Isolated Funding

District	School	Amount	District	School	Amount
DeWitt	Gillett	201,610	Deer/Mt. Judea	Deer	233,492
DeWitt	Humphrey	26,578	Deer/Mt. Judea	Mount Judea	122,957
Hamburg	Fountain Hill	30,859	Harmony Grove	Sparkman	116,227
Corning	Biggers-Reyno	152,363	Mena	Hatfield	5,149
Concord	Wilburn	144,949	Wickes	Umpire	220,150
Cleveland County	Kingsland	55,999	Ouachita River	Oden Maddox	163,060
Magnolia	Magnolia (Walker)	8,206	Bryant	Paron	197,133
Emerson-Taylor	Taylor	106,497	Searcy County	Leslie	154,331
Mulberry	Pleasant View	150,494	Ozark Mountain	St. Joe	142,637
Marion	Crittenden Prep Acad.	4,699	Ozark Mountain	Bruno-Pyatt	98,249
McGehee	Delta Special	62,546	Ozark Mountain	Western Grove	97,215
Green County Tech	Delaplaine	62,060	Cave City	Evening Shade	35,131
Blevins	Emmet	86,292	Twin Rivers	Oak Ridge Central	91,127
Malvern	Carthage	76,183	Twin Rivers	Williford	132,231
Mineral Springs	Saratoga	218,324	Mountain View	Rural Special	154,432
Cedar Ridge	Cord-Charlotte	38,425	Mountain View	Timbo	88,256
Melbourne	Mount Pleasant	73,485	El Dorado	Union	10,805
Jackson County	Swifton	107,080	Smackover	Mount Holly	50,504
Hillcrest	Lynn	194,194	Strong-Huttig	Huttig	151,509
Hillcrest	River Valley	27,136	Clinton	Alread	121,779
Huntsville	St. Paul	38,087	Clinton	Scotland	146,562
Fouke	Fouke (Bright Star)	6,357	Greenland	Winslow	42,479
Clarendon	Holly Grove	76,028	Augusta	Cotton Plant	55,701
Jasper	Kingston	140,059	Two Rivers	Fourche Valley	266,002
Jasper	Oark	257,361	Two Rivers	Plainview-Rover	89,349

Source: Arkansas Department of Education

In 2005-06 the following funding for Special Needs Isolated Districts was provided for in Arkansas Code Ann. § 6-20-604. The funding determination is made based, in part, on the district's ADM, the density for the district, and the number of isolated schools within the district. See the map of Student Density in Appendix D. Deer/Mt. Judea qualifies under subsection (c) which provides additional funding of 20% of the state foundation amount per student. Jasper qualifies under subsection (d) which provides additional funding of 15%. All the other districts qualify under subsection (e) which provides 10%. No districts qualify under subsection (f) which would have provided 5%. See the map of Special Needs Isolated Funding in Appendix E.

2005-06 Special Needs Isolated Funding

District	Isolated School Area	Amount
Jasper	Kingston	727,971
Deer/Mt.Judea	Deer	521,191
DeWitt	Gillett	61,503
Corning	Biggers-Reyno	60,917
Emerson-Taylor	Taylor	92,033
Greene County Tech	Delaplaine	88,055
Melbourne	Mount Pleasant	99,632
Huntsville	St. Paul	94,461
Harmony Grove	Sparkman	72,805
Wickes	Umpire	31,207
Ouachita River	Oden Maddox	74,132
Bryant	Paron	82,042
Searcy County	Leslie	74,968
Ozark Mountain	St. Joe	59,852
Ozark Mountain	Bruno-Pyatt	91,099
Twin Rivers	OakRidge Central	62,610
Twin Rivers	Williford	84,922
Mountain View	Rural Special	59,785
Mountain View	Timbo	73,360
Two Rivers	Fourche Valley	50,621

Source: Arkansas Department of Education

Attorney General's opinions in Appendix F and rules developed by the Arkansas Department of Education (ADE) in Appendix G have been used to clarify who is eligible for the funding and how the funding is to be distributed.

Closing Isolated Schools

Concerns have been raised over the prospect of closing isolated schools. Act 1397 of 2005 specifically addresses this in Section 2. It states that:

(b) Any isolated school within a resulting or receiving district shall remain open, unless the school board of the resulting or receiving district adopts a motion to close the isolated school or parts thereof by:

(1) Unanimous vote of the full board of directors; or

(2)(A) A majority vote of the full board of directors, but less than a unanimous vote, and such motion is considered by and approved by a majority vote of members of the State Board of Education.

(2)(C)...(i) The State Board of Education shall only approve a motion to close isolated schools or parts thereof under subsection (b)(2)(A) of this section, if the closure is in the best interest of the students in the school district as a whole.

(ii) The State Board of Education shall not close a school if the State Board of Education finds the closure will have any negative impact on desegregation efforts or will violate any valid court order from a court of proper jurisdiction.

Rules governing these closings have also been developed and are provided in Appendix H.

Isolated Schools in Other States

Definitions

The term “isolated schools” is used to refer to schools that are geographically isolated due to topography (e.g., mountains) and require additional resources to provide an adequate education for students. Some states use other terms for isolated such as “remote and necessary schools,” “small and remote schools” and “separate schools.” These isolated schools often - but not always - have low student enrollment numbers that would also define them as small schools. The term “small schools/districts” in state education funding formulas simply means those schools/districts with student enrollment numbers that fall within a legislatively defined range – often under 50 or 100 students.

Ten states were chosen to review because of the preponderance of small schools and districts within their systems: Alaska, Idaho, Minnesota, North Dakota, Oregon, South Dakota, Vermont, Washington, West Virginia and Wyoming. The eight states reviewed having special provisions for isolated schools in their funding formulas are: Idaho, Minnesota, North Dakota, Oregon, Vermont, Washington, West Virginia and Wyoming. Each of these eight states uses a combination of factors to define an isolated school, including geographic distance from one school to the next; presence of a geographic barrier; size of the school or district, or even the density of the local population. In addition to measurable factors, some states rely on the judgment of state policy leaders to determine if a district should qualify as isolated in the state’s funding formula.

Geographic Considerations

One of the states in this study uses physical distance from other schools as an identifier of an isolated school. Four use mileage from one school to the next as the identifier. These mileages range from 8 miles from the nearest school (Oregon) to 20 miles (North Dakota). The State of Washington uses a slightly different approach defining a school as being isolated if a student has to travel a distance of one hour or more to get to school. Following are the measures used in each of the combined five states:

- Idaho requires a distance of 10 miles (elementary) or 15 miles (secondary) to the nearest school
- Minnesota requires a distance of 19 miles (elementary) to the nearest school
- North Dakota requires a distance of 15 miles (elementary) or 20 miles (secondary) to the nearest school
- Oregon requires a distance of eight miles to the nearest school (K-8)
- Washington – travel time must be one hour or more for students.

Other Criteria

Two states (Minnesota and Washington) that use distance as part of their definition of isolated schools also use other criteria as identifiers. In Minnesota, the state uses a formula for identifying secondary schools as isolated. This formula uses a combination of district size and distance from other schools and is referred to as the “Isolation Index.” For a school to be defined as isolated in Washington State, it must not only meet the geographic isolation definition listed above, but also have the presence of an “intact and permanent community.” In West Virginia and Wyoming, schools/districts do not need to meet any pre-set definitions to qualify as isolated, they simply need the approval of the state superintendent. In Idaho and Washington, districts need to meet both

the pre-set definitions of an isolated school, and they need the approval of the state board of education.

Maximum Size

Seven of the eight states that allow for additional funding for isolated schools have created a cap on how large a school or district can be and still qualify as isolated (Idaho is the exception). Three of the states in this study (Minnesota, Vermont and West Virginia) have maximum size limits for isolated districts. These size limits range from 100 (Vermont) to 1,400 (West Virginia) students per district. The other four states (North Dakota, Oregon, Washington and Wyoming) have school-size caps for the definition of isolated. These size caps range from 35 (North Dakota) to 599 (Wyoming) students per school. The following are the caps that each of the seven states has developed:

- Minnesota – a district’s average daily membership is no more than 140 for elementary schools and no more than 400 for secondary schools
- North Dakota – average daily membership of no more than 50 students for elementary schools and no more than 35 students for secondary schools
- Oregon – average daily membership per school of no more than 350 for high schools or 224 for K-8 schools
- Vermont – average daily membership below 100 students per district (based on a two-year average)
- Washington – average daily membership per school of no more than 300 for a secondary school or 100 for a K-8 school
- West Virginia – average daily membership of less than 1,400 per county/district
- Wyoming – average daily membership per school of no more than 599 for a high school, 299 for a middle school, or 263 for an elementary school.

Funding

Once a state has designated a school or district as isolated, the amount of additional funds it is entitled to, and the way those funds are distributed, varies from state to state. In three states (Idaho, West Virginia and Wyoming), the amount of additional funding provided to an isolated school or district is at the discretion of state policymakers. In Idaho, any additional funding for isolated schools is determined by the state board of education as needed to provide students with an adequate education in the district. In both West Virginia and Wyoming, any supplemental grants for isolated schools and districts are left to the discretion of the state’s superintendent of public education. The remaining four states provide funding to isolated schools or districts on a sliding scale based on the school or district’s size. The details of each state’s funding system are as follows:

- Minnesota – supplemental grant increasing the per-student allowance by 1%-100%, depending on school size
- North Dakota – modification of funding formula, increasing the per-student weighting factor by 20%
- Oregon – supplemental grant increasing the per-student allowance by 0.3%-100%, depending on school size
- Vermont – supplemental grant of up to \$2,500 per student based on school size

- Washington – modification of funding formula to provide additional funding for full-time teacher positions.

No Child Left Behind

A requirement of the NCLB Act (2001) that presents a particular challenge to small rural and isolated schools is the provision that children in Title 1 schools be instructed by "highly qualified" teachers. The "Highly Qualified Teacher" provisions of the NCLB Act (2001) loom large for rural school districts because teachers are difficult to recruit and retain, and teachers often have to teach in more than one subject and grade level due to small faculties (Richard, 2003). In 2004, the U. S. Department of Education made changes in NCLB that added some flexibility for highly qualified teachers in rural schools (McLaughlin et al., 2005). Under this new policy, teachers in rural districts, who are considered highly qualified in at least one subject, will have three years to become highly qualified in the additional subjects they teach as a result of the Department's Small Rural Schools Achievement (SRSA) (McLaughlin et al., 2005). To qualify for SRSA, a school district must: 1) have fewer than 600 students in Average Daily Attendance, or the district must be located in a county with fewer than 10 people per square mile, and 2) all schools in the district must be designated as rural by the National Center for Education Statistics (NCES) (e.g. located in communities with fewer than 2,500 residents). Arkansas has 617 or 53.8% of its 1,150 schools classified as rural.

Adequate Yearly Progress (AYP) is another requirement of the NCLB Act (2001) that strongly impacts isolated districts with small enrollments. School districts must demonstrate through annual testing of students that they are making AYP, which requires states to develop measurable annual targets for increasing the percentage of students within each specified subgroup that reaches Proficient and Advanced levels of achievement. Assessment participation and performance data must be disaggregated by the following subgroups: economically disadvantaged students, students from all major racial and ethnic groups, students with disabilities, and students with limited English proficiency. Schools that fail to meet designated performance targets for any or all of the subgroups are subjected to a set of mandatory consequences which become progressively more onerous, and after six years of failing to meet the targets, a school must be restructured, which can mean "major reorganization of a school's governance arrangement" [34 C.F.R § 200.43(a)].

Obviously, this means that some of the disaggregated subgroups could have very few students in small rural schools, which raises the question of reliability and validity of assessments in these schools. As a result, there is considerable variability in the minimum number of students needed in subgroups for determining AYP: Whereas some states have chosen a number as small as 5, others have set the minimum as high as 200 (McLaughlin et al., 2005). The number in Arkansas and in many states is 40. A school's achievement status (e.g., mean score, percentage or proportion proficient, achievement index) is subject to random year-to-year variation. Furthermore, this random variation is much greater for smaller schools (see Hill & DePascale, 2003). For example, if 20% of the students in a particular subgroup of students are performing at proficient level in the starting year of 2001-02, the school would need to show an AYP of 6.7% to meet the requirement of 100% proficient by 2014 ($80\% / 12 = 6.7\%$). An AYP of 6.7% is basically one student in a class of 15 students, which means this school would need to bring at least one student up to proficient level each year until 2014.

In lay terms, this means a lot is riding on a single student's performance, and there are many possibilities of not achieving AYP. For example, one or two students who are performing at proficient level could move out of the district, or a couple of students who are performing below proficient levels could move into the district during a particular year. If either form of migration occurs in the district, it would not achieve AYP even if a student becomes proficient over the particular year analyzed. Although no school is immune to sampling error, the magnitude of error is inversely related to school size. Other things being equal, AYP estimates for small schools have wider margins of error than those for larger schools.

High-Poverty Districts in Arkansas

Funding Levels

Arkansas has chosen to provide support for students and their respective districts by determining poverty levels by using the percentage of students in a district participating in the National School Lunch Act (NSLA). Currently NSLA funding is provided in three levels or steps. The increased funding for higher percentages of NSLA students is based on the principle that schools with higher concentrations of poverty have more difficulty in raising achievement than those with lower concentrations. In Arkansas the levels per national school lunch student are established in Ark. Code Ann. § 6-20-2305(b)(4)(A)(i-iii) which states:

- (i) For school districts in which ninety percent (90%) or greater of the previous school year's enrolled students are national school lunch students, funding shall be one thousand four hundred forty dollars (\$1,440);
- (ii) For school districts in which at least seventy percent (70%) but less than ninety percent (90%) of the previous school year's enrolled students are national school lunch students, funding shall be nine hundred sixty dollars (\$960); and
- (iii) For school districts in which less than seventy percent (70%) of the previous school year's enrolled students are national school lunch students, funding shall be four hundred eighty dollars (\$480).

The distribution by district for FY 2005-06 is shown in Appendix I along with the district's percentage of NSLA students and funding per student.

Efforts to "smooth" the funding levels currently in law are under consideration. This would alleviate the penalty whereby a school's NSLA funding could be reduced by as much as half if one student is lost, which forces the district to a lower funding level. Issues to consider include holding districts harmless under their current funding levels indefinitely or for a period of time; and changing the starting point for poverty funding to districts with a national school lunch student percentage of 40% or some other prescribed level.

Provision II

A Provision II school is one that participates in the special assistance certification and reimbursement alternative program that reduces recordkeeping requirements for the federal program. In exchange for the reduction in the requirements, the Provision II district provides free meals for 100% of its students. "For FY 2006, if a Provision II school district re-established its base count for purposes of the Federal National School Lunch Program, then the Provision II school district was funded this year based on current-year numbers and will be funded on previous-year numbers in future years. In future years, Provision II school districts will be funded

based upon the percentage of enrolled students eligible for free and reduced-priced meals in their base count year times their October 1 enrollment count of the previous year" (Greene, 2006).

Use of NSLA funding

There has been much discussion and confusion about the use of NSLA funding. Primarily there is a desire on the part of many school districts to use that funding for across-the-board teacher raises. Ark. Code Ann. § 6-20-2305(b)(4)(C)(i)(a) et seq. states:

(C)(i)(a) The State Board of Education shall establish by rule a list of approved programs and purposes for which funds allocated under this subdivision (b)(4) may be expended.

(b) Through June 30, 2007, the State Board of Education shall approve the use of funds by a school district to supplement salaries for classroom teachers only under the following conditions:

(1) The school district meets the minimum teacher salary schedule in § 6-17-2403 without using funds provided under this subdivision (b)(4); and

(2) The school district is permitted to use funds provided under this subdivision (b)(4) to supplement salaries for classroom teachers only to the extent the school district was using funds provided under this subdivision (b)(4) to supplement salaries for classroom teachers as of January 1, 2006.

(c) School districts shall expend funds allocated under this subdivision (b)(4) only on the programs or purposes on the State Board of Education's list of approved programs and purposes for which funds allocated under this subdivision (b)(4) may be expended, which shall include, but are not limited to:

(1) Classroom teachers, provided that the school district meets the minimum salary schedule in § 6-17-2403 without using funds provided under this subdivision (b)(4) and that those teachers are used for the purposes delineated in this subdivision (b)(4) and as allowed through June 30, 2007, under subdivision (b)(4)(C)(ii) of this section to supplement salaries of classroom teachers; ...

Revisions to existing rules (Appendix J) have just been put in place that clarify the intent of the law.

The use of NSLA funds could be restricted to use for tutors only as suggested in the state's draft recalibration study, used for after-school and summer programs on a pilot basis, and limited in use for across-the-board teacher salaries.

High-Poverty Districts in Other States

Data

According to the report *State Poverty-Based Education Funding: A Survey of Current Programs and Options for Improvement* issued by The Center on Budget and Policy Priorities, there are several states across the country that appropriate additional funds for school districts with high concentrations of poverty students. In determining poverty, they use any of four different indicators. Most commonly used are statistics from the National School Lunch program. Census and Temporary Assistance for Needy Families (TANF) data are often used, while a few states utilize information reported at the state-level on state income tax returns (See chart on next page).

Poverty has been found to have a noticeable impact on the performance of students, particularly in schools with high concentrations of poverty. In providing the best education for all students, many will argue over which factors affect education the most, with demographic factors such as urban versus rural and socio-economic status being considered. With this in mind, it is easy to understand why many states look at a range of data and weight students differently in their attempts to provide the best education for every student.

Funding

There are several states that allocate specific funds for at-risk or poverty student populations. The states reviewed for the purpose of this study are the ones that are referenced in the above mentioned study, they are:

California	Colorado	Connecticut	Illinois
Indiana	Minnesota	Nebraska	New Hampshire
New Jersey	New York	Ohio	Vermont
Virginia			

All of these states look at a specific data source or a combination of data sources when determining how to allocate funds for at-risk/poverty students. For example, Nebraska looks at U.S. Census data as well as state income tax information.

Schools with high concentrations of poverty have been shown in some studies to have significantly lower test scores than schools with low concentrations of poverty students. States want to ensure that the money goes to the right place for the right purpose. Consequently, states have looked at and adopted different methods for funding at-risk or poverty student populations. Some of these methods are described in the following state summaries. A chart giving a brief outline of these programs and the data sources used by states is on the following page.

Table 1. States With At-Risk or Poverty Programs.

States With At-Risk Or Poverty Programs ¹	Data Source(s)	Poverty or At-Risk Programs And Funding Methods
California	CalWORKs numbers & U.S. Census data	Economic Impact Aid
Colorado	NSLA (free lunch only)	Extra 12-30% in funding over and above their base per pupil funding
Connecticut	TANF	Froze TANF numbers from '96-'97 because of dropping enrollment #'s in the program due to changed criteria. Weight an additional .25 x TANF count for poverty, .10 x ELL count.
Illinois	NSLA	Additional funding for poverty if district is at 40% or higher in NSLA count. Funds come in the form of grants, i.e., Supplemental Low-Income Grant.
Indiana	NSLA & U.S. Census	Complexity Index is used to fund for poverty. Weighted according to five categories: NSLA, ELL, HH in poverty, HH w/ single parents under 18, and HH w/ single parent(s) under 25 w/out HS degree.
Minnesota	NSLA	Weights students by grade, then gives additional funding by percent for poverty based on NSLA numbers.
Nebraska	U.S. Census	Weights students by grade, then gives additional funding by 5% increments up to 30% for poverty, 25% for ELL, and 25% Native American/ Living on Indian land.
New Hampshire	NSLA	Six state aid programs.
New Jersey	NSLA & U.S. Census	Classifies districts into District Factor Groups (DFGs), then provides additional funds based on need. DFG's range from A-J, poverty districts are always A, sometimes B.
New York	U.S. Census & State data	Extraordinary Needs Aid, funding for Pre-K, Class size reduction, and Summer School.
Ohio	TANF (Ohio Worker's First program)	Building Blocks and Poverty-Based Assistance (PBA).
Vermont	Food Stamp program	Funds an additional 25% for poverty, 20% for ELL.
Virginia	NSLA & State tax information	K-3 Class Size Reduction.

Notes: (1) All funding methods and uses of data are consistently being evaluated. California is currently considering changing from state data to federal Title I data or NSLA numbers.

State Summaries**California**

California has a program within the state called Economic Impact Aid (EIA). This program started in the 1970's and was essentially the state-funded program similar to the federal Title 1 program. To determine poverty at this time, they looked at the number of students eligible for their Aid to Families with Dependent Children (AFDC) and federal Census data. With AFDC they were able to update data every year; however, with the Census data they only received updated data every ten years as a new Census was performed. In the 1980's, they kept utilizing the same source of data to determine poverty; the AFDC and Census. They broke down funding needs into three areas that represented 70% of the poverty allocations: poverty, ethnicity, and transiency. The additional 30% was opened up for poverty funding and the state allocated funds according to how much the district received from the first 70% and by the number of students they had that qualified as English Language Learners. If a district qualified for funds out of the additional 30%, they would receive an additional \$70.00 per student for poverty and ELL. Funding would duplicate if the student qualified for both, with allocations starting at the bottom level in each category and moving up from there. In 1997, the AFDC program changed to what is now called CalWORKs. The criteria to qualify through this program became more stringent; consequently, the number of eligible recipients dropped from 1.1 million on AFDC to around 600,000 who are currently eligible for CalWORKs. This is in some part due to the fact that one can only be on CalWORKs for five years.

Two factors are leading California to change their data source when evaluating for poverty. First, the criteria changed with CalWORKs making it harder to qualify and only allowing the recipient to receive benefits for five years. Because of this, it gives the appearance that there are fewer families living in poverty than is really the case. Secondly, because of the growing Hispanic population, most of the EIA funding in recent years has been going to benefit the bilingual or ELL population and not necessarily to poverty. By changing to either NSLA or Census data, California is hoping to have a clearer understanding of "need" and will be able to re-evaluate poverty programs and funding. For fiscal year '05 - '06, "the minimum per pupil funding levels per district are \$5,231 for districts with 10 or fewer CalWORKs plus EL(L) students and \$7,852 for districts with more than 10 CalWORKs plus EL(L) students." They have no restrictions on carrying funds over from year to year.

Colorado

In **Colorado**, as with many states, they use a per pupil funding formula based on their October 1st average daily membership (ADM). The formula provides a base per pupil amount plus additional money to recognize district-to-district variances in cost of living, personnel costs, size, and additional funding for at-risk students. To determine a district's at-risk pupil population they look at eligibility for the federal free lunch program. They only use the free lunch count; reduced-priced lunch eligibility is not a factor in their calculations. For each at-risk pupil, the district will receive an additional 12-30% in funding over and above their Total Per Pupil funding. In addition to qualifying as at-risk based on eligibility for the free lunch program, in FY '06 "the definition of at-risk students was expanded to include students whose Colorado Student Assessment Program (CSAP) scores are not included in calculating a school's performance grade because the student's dominant language is not English and who are also not eligible for the free lunch program." (Understanding Colorado School Finance and Categorical Program Funding, p.4) If the district's at-risk population exceeds the state average (currently 30.52%) then an increased amount is provided. "A district received funding for the greater of: (1) each actual pupil eligible

for the federal free lunch program; or (2) a calculated number of pupils based on the number of pupils in grades 1-8 eligible for the federal free lunch program as a percent of the district's entire population."

Connecticut

Connecticut's primary source of education equalization funding is what they call their Education Cost Sharing (ECS) grant. There are two data components that are weighted to determine poverty; Census demographics and TANF eligibility. Through legislation, poverty weight based on TANF numbers was frozen and the 1996-1997 TANF counts for students aged 5 through 17 are continuously used to determine eligibility. This was done to compensate for the declining number of people eligible for the TANF program due to changes in the eligibility criterion. These numbers will be used until an alternative poverty measure can be developed and adopted. Total Student Need Counts are determined by looking at four different measures and weighting appropriately. The measures and weights are as follows: Resident Students + .25 x Mastery/Remedial Performing Students + .25 x TANF count + .10 x Limited English Proficient count. Aside from ECS, Connecticut also gives what they call target initiatives to fifteen (15) districts based on the district's large number of poor and remedial students. With these initiatives, they fund school readiness/remediation, reading programs, and after-school programs. They use their own state data to determine poverty for these programs. It is also important to note that the above formula is used only in determining how to fund for needs or at-risk population. In looking at the overall ECS grant calculation, the state also includes per capita income, median household income, and total population as well as other data to determine the total grant and foundation funding amount.

Illinois

Josh Jacobs, with the **Illinois** Department of Education, gave some background into how they arrive at their poverty designations. First, they look solely at the number of students enrolled in the free and reduced-priced lunch programs. In their high-income districts, they allot a base amount of funding, such as \$218.00 per student. Nothing extra would be funded to these districts because of their local funds/mills and wealth of the district. The designation of high-poverty is based on concentrations of 40% or more students eligible for free and reduced-priced lunch programs. The extra funding to these districts is dispersed through grants and targeted to specific line items, such as after-school programs. Some examples of these grants are the Supplemental Low-Income Grant and the Reading Improvement Block Grant. The Supplemental Low-Income grant targets rural, low income districts. The funding is available to 48 districts that qualify and measure the success within the district by evaluating student academic achievement, student dropout rates, and increased percentage of highly-qualified teachers. The Reading Improvement Block grant provides funding to districts to improve reading instruction and achievement of children in grades K-6. Recipients must meet certain performance criteria if they wish to continue to receive funds under this program.

Indiana

Indiana has within their funding formula a complexity index. This is where they weigh the amount of money that is funded per student based on poverty. The index is broken down into five categories, each weighted with a different multiplier, they are listed as follows:

NSLA - .2761

Limited English Proficiency - .0991

Households in poverty - .0760

Households with single parents under 18 - .1221

Households with single parents under 25 w/out HS degree - .2233

There is a second tier complexity index that was added to provide additional funding for unusually large numbers of complex students as defined above. Debbie Heinlein, the School Finance Officer, stated that they take the specific dollar amount budgeted for education to determine their multiplier and use it with the above weighting system to get the appropriate funding amount.

In addition to weights, within their formula is funding for specific categorical grants that designate aid to the at-risk student population. The Prime Time program is an example of one of these grant programs. It began in the early 1980's and was phased in over approximately four years. Its primary purpose was to reduce class-size in grades K-3. They set goals for teacher/student ratios. "The target ratio ranges from 15 - 18 students per teacher, with the specific target for a given school corporation being determined by the corporation's at-risk index and the amount of tuition support. The target ratio is defined by law and, as such, is not flexible. The formula also includes both a 'hold harmless' provision and 'cap' on the amount that funding may increase from year to year." (Prime Time: An Overview, p. 1) Some of the other categorical grants are the Enrollment Growth Grant, the Supplemental Remediation Grant, and the Special Education Grant. These grants assist with excessive growth within a district/corporation of 250 students or 5% within a year, low test scores and pass rates, and special education programs.

Minnesota

Minnesota has a compensatory revenue education formula. In their general funding formula, they weight students as follows:

Kindergarten - .557

Grades 1-3 - 1.115

Grades 4-6 - 1.06

Secondary weight - 1.30

Minnesota's base funding per student in fiscal year '05-'06 is \$4,783.00. In funding for poverty, they take the total number of students receiving free lunch and one-half the students receiving reduced lunch. They are weighted according to percent. The examples are listed below:

If a school is at 80% receiving free and reduced price lunch (assuming 40% each), then they would get 60% in additional funding added on to the base amount.

80% receiving free/reduced lunch

\$4,783 + 60%

40% receiving free/reduced lunch

\$4,783 + 30%

20% receiving free/reduced lunch

\$4,783 + 15%

There are also two types of programs in Minnesota that can be applied for targeting at-risk student populations. The first is Compensatory Revenue which provides additional funding for students eligible for free or reduced-priced lunches. Specifically, it targets those students that are

not meeting their academic requirements and falling below the level that is acceptable for a pupil at their current grade level. A second grant is the First Grade Preparedness Grant, which is available for application by districts with high poverty counts.

Nebraska

Nebraska has a foundation formula with an equalization component. They weight students by grade with additional weights for specific circumstances. Poverty is one of those circumstances. They weight differently according to what percent of students are in poverty within a district. To determine poverty, they review Census and state data. An example of their weighting system is detailed below:

One half day of pre-K student = .50

K-6 = 1.0

7th,8th = 1.2

9-12 = 1.4

Additional weights are given for the following reasons:

If child is a native American or lives on Indian land = .25

ELL = .25

5% poverty in district = .05 per student

10% poverty in district = .10

15% poverty in district = .15

20% poverty in district = .20

25% poverty in district = .25

30% poverty in district = .30

Thirty percent is the maximum. They have been criticized for not going higher in their weighting system, but to date they have not made any changes in their funding allocation formula. An example of how the above weighting would work is if you took a ninth grade ELL student who lives in a district with 25% poverty; he would be weighted as a 1.90 student and the district would receive funding that adequately represented that number.

New Hampshire

New Hampshire has six state aid programs: Adequacy Aid, Equitable Aid, Allocation for Special Education ADM, Building Aid Distribution, Catastrophic Aid, and Kindergarten Aid.

Adequacy Aid is computed for each city, town, and unincorporated place. Not all towns operate schools, but each town pays for the education of the students that are residents of the town. Adequacy Aid is based on the average daily membership (ADM) of resident students. The average per pupil adequacy cost is set for each biennium. "The cost of the previous biennium is adjusted for inflation as measured by the Northeast Consumer Price Index. The annual rate of inflation for the most recent four calendar years is averaged and then doubled. (It is doubled because the adjustment is for a two-year change). The prior biennium's per pupil amount is then increased by this percentage." (FY '05 Adequacy Aid Formula, p.1)

There are three components to the Total Cost of Adequacy for Each Town. They are listed below:

Total Cost of Adequacy for Each Town:

1. Per Pupil Cost Allocation - ADM in residence is adjusted to exclude pre-school and counts Kindergarten students at one-half. The ADM is then multiplied by the average per pupil adequacy cost.
2. Low Income Allocation - students eligible to receive free or reduced priced meals or free milk are counted. The count is multiplied by 60% of the average per pupil adequacy cost.
3. Property Poor Allocation - total amount available is set equal to the low income allocation.

The Total Cost of Adequacy for Each Town is determined by summing the three component allocations.

Equitable Education Aid was developed as a new formula for FY '06. It contains three independent calculations to determine each town's state aid allocation. They are the Local Equalization Component, Enhanced Equalization Component, and the Targeted Aid Component. "Eligibility requirements for each component limit aid to those towns with the greatest need. 'Need' is a determination of the town's ability to raise revenue for schools and is measured by the town's equalized valuation per pupil. Equalized valuation represents the fair market value of residential and commercial property and includes a value for current-use land that is reflective of the tax revenue generated by that property." (FY '06 Equitable Education Aid, p.1) Local Equalization and Targeted Aid calculations or components "use equalized valuations that include utility properties and are the basis for the local school tax assessments." Enhanced Equalization and Statewide Enhanced Education Tax do not include utilities. Aside from the determination of need that is listed above, each component has a more detailed formula to determine aid recipients. A brief detail for each one is given below.

- 1.) Local Equalization Component uses ADM in residence, local tax base for FY '03, and statewide average local education tax rate for FY '03. To qualify, the equalized valuation per pupil must fall below the state average.
- 2.) Enhanced Equalization Component - uses ADM in residence, tax base for the FY '06 Statewide Education Tax, and Statewide Enhanced Education Tax rate sufficient to raise \$363,000,000 for FY '06 (\$2.840 per thousand). Like the Local Equalization Component, this component restricts aid to only those towns that fall below the state average in value per pupil.
- 3.) Targeted Aid Component, more than the previous two components, looks at the special needs and low income student populations. New Hampshire designates aid for this category by looking at ADM in residence, local tax base for FY '03, statewide average per pupil amount raised by the local school tax for FY '03, and three categories of students: special education students with IEP's, students eligible for free/reduced lunch (family income must be less than 185% of the federal poverty limit), and students with limited English proficiency.

Towns must also fall below the state average for equalized valuation per pupil and have a median family income below the state average. Students could fall into more than one of the above categories. Five percent is reduced from the aid amount to compensate for students counted in more than one category. Aid for FY '06 is \$3,917 per pupil. The district is allocated \$190 for transportation costs, and an additional \$1,000 for those students with limited English proficiency.

Allocation for Special Education ADM is additional funding for special education purposes that would assist districts in meeting all of their requirements in reporting to the State Department of Education. *Building Aid* is an entitlement fund that comes with the October and April payments to the district. This is used to aid school districts in the cost of leasing, payment of debt, or maintaining buildings. None of these funds will be distributed if the district is not making regular principal payments. *Catastrophic Aid* is awarded to districts if their per pupil cost for special education exceeds three and one-half times the allocation amount for that year. It would not be awarded if that district is receiving funds for educationally-disabled children. They cannot receive funding under both programs if a child qualifies for both. Upon qualifying however, the school district is liable for 20% of the additional cost up to ten times the estimated state average expenditure per pupil and the department is liable for 80%. *Kindergarten Aid* gives funding to districts who do not currently operate a kindergarten program with an approved public school or have no contract with another kindergarten program. They must submit a plan to the Education Commissioner for an alternative kindergarten program that would meet the following criteria:

- * Precede all other elementary grades.
- * Be designed primarily for five year olds.
- * Be available to all kindergarten-aged children who reside in the district.

The alternative kindergarten program must meet all the guidelines established for public kindergarten programs in the New Hampshire minimum standards, as well as other guidelines dealing with transportation, facilities, and other statutory requirements.

New Jersey

As we have already discovered, school funding is very complex. It does not get any less complex when looking at the state of **New Jersey** and how they fund education. Like many states, including Arkansas, New Jersey has been sued for not providing an equal and adequate education to every child. Unlike Arkansas, their litigations started about thirty years ago with the landmark decisions of *Robinson v. Cahill* and *Abbott v. Burke*, and have evolved to create the funding system they use today. It was in the *Abbott II* Supreme Court decision that New Jersey first designated/named at-risk districts after the court decision, thus creating *Abbott* districts. This is still the name applied to at-risk districts today. Much of what has happened in New Jersey has been controversial and has led to at least thirteen separate court decisions. In 1975, efforts to provide the best education led the New Jersey Department of Education to start ranking every district in the state by seven factors. This grouped them into ten (10) classifications called District Factor Groups (DFG's). The range starts with DFG A and goes through DFG J.

The seven factors they look at to determine which category a district falls into are largely based on Census data and are listed as follows:

1. Percent of population with no high school diploma
2. Percent with some college
3. Occupational status

4. Population density
5. Income
6. Unemployment
7. Poverty

(Designation of Abbott Districts: Criteria and Process, p.4)

District Factor Group's were originally designed to compare student's performance in state-wide assessments across demographically similar school districts. Since 1975, DFG's have been updated twice to incorporate current data from the Census and make improvements to the methodology. Now DFG's are used for other purposes as well. In addition to their original intent, they are now used to make Abbott designations, to analyze student performance on state-wide assessment examinations, and to evaluate and make determinations regarding state educational aid. They played a significant role in determining the initial group of Abbott districts and laid the foundation for financial aid disbursements to Abbott districts. All Abbott districts fall into either a DFG A or DFG B category. To determine if a district is an Abbott district, it has to first be classified as an DFG A or B district, which would require having the following qualifications:

DFG A

- 1.) District must have a low-income concentration (as measured by eligibility for free lunch under federal free/reduced lunch program) of at least 40%.
- 2.) If district low-income concentration is less than 60%, then it must have an equalized value per capita of at least 3% below the state average and an equalized tax rate of at least 30% greater than the state average.
- 3.) If low-income concentration is at least 60%, then the equalized value per capita must be at least 3% below the state average; the equalized tax rate does not factor into eligibility requirement for these districts.
- 4.) District must be included in the New Jersey Redevelopment Authority (NJRA) eligible list.

DFG B

- 1.) District must meet all the above listed criteria and demonstrate additional substantial economic hardship.

Note: Abbott designations carry with them obligations to implement specific court-ordered remedies.

There are three themes that seem to have emerged through the legislation over the years in designating Abbott districts. Abbott designations seem to spotlight poorer urban areas, they rest on a two-part test of educational adequacy and concentrated poverty, and serve as a remedy instead of reward for that district. In high poverty, rural districts, other issues may require additional resources. High student mobility and the inability to attract enough high quality teachers are a few of these issues.

In conclusion, it is important to note that districts that have not been Abbott districts, but have become eligible for the classification will be phased-in over time. Once they qualify as an Abbott district, the first year of designation is usually a planning year where they receive enough funding to put together a comprehensive plan and needs assessment for the next three years. The first operational plan should focus on two specific programs. They are high quality preschool and

intensive early literacy. Extensive professional development is also needed so that teachers can prepare for these programs and program changes. Future operational plans should address issues that are preventing students from achieving the Core Curriculum Content Standards (CCCS). Alternatively, as new Census data is received, it may indicate that some districts may no longer qualify as an Abbott district. The State Education Commissioner is responsible for determining changes in qualification. Once a district has lost its Abbott designation, an exit plan is devised so that they can go through an orderly transition and funding can be phased out over a period of four years. It is the belief at the New Jersey Department of Education (NJDOE) that districts achieving acceptable academic levels should not be removed from the Abbott designation as long as they remain in the District Factor A grouping (DFG A) with high poverty levels. The fear is that without the Abbott designation, the improved educational process might not have been institutionalized and the district would fail once again without the additional assistance awarded to them through Abbott.

New York

New York looks at the wealth of the district and then designates funding on a per pupil basis. All districts in New York receive what they call Operating Aid, which represents approximately 49% of the overall educational budget. This is for basic operating expenses of each district and is distributed equally among all districts. Districts with highest need and lowest wealth are allocated a larger amount of funding. These lower income districts are already paying property tax rates to come up with an amount that is often about one-eighth of the amount that wealthier districts spend per pupil. Consequently, New York developed certain concepts concerning school aid. "For Formula Operating Aid, the State shares in a specified expense per pupil with local school districts through a sharing ratio formula. Aid is generated in inverse proportion to a district's wealth as measured by real property and adjusted gross income by applying a sharing ratio to the per-pupil-ceiling amount. As a result, low wealth districts receive a relatively high amount of aid while high wealth districts receive a lower amount of aid." (State Formula Aids and Entitlements for Schools in New York State, p. 1)

For poverty assistance, Extraordinary Needs Aid targets school districts with high concentrations of students living in poverty by looking at the percent of pupils eligible for free or reduced lunch, percent of ELL students, and sparsely populated school districts. Other aid or grant programs include Educationally Related Support Services Aid (ERSSA), Pre-K, Summer School, and Class-Size Reduction.

Ohio

Ohio uses a per student funding formula similar to many states including Arkansas. The current funding per student is set at \$5,253.00. "The formula has an assumed local share which is factored out of the basic program cost to determine the state formula aid." (Ohio's School Foundation Funding Program, p.2). The current local share is 23 mills. For FY '06, they arrive at their basic program cost by taking the following:

Current Years' Formula Amount	x	Regional Cost of doing business factor	x	Current Years' Formula ADM	+	Sum of four Base funding supplements (building blocks)
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"In addition to formula aid, various categorical aid programs are provided for special education, career and technical education, gifted education, transportation, and aid for disadvantaged pupils which is called 'Poverty Based Assistance (PBA).' Poverty-Based Assistance (PBA) is one of several building blocks in school funding and what used to be called the Disadvantaged Pupil Impact Aid (DPIA) program in Ohio. The building blocks are funding for intervention, professional development, data-based decision making and professional development for data-based decision making and represent an additional \$40.00 per pupil. "Within PBA are seven funding components. They are All-Day Kindergarten, Class Size Reduction, Limited English Proficient Services, Professional Development, Dropout Prevention (Big 8 Districts), Community Outreach (Urban 21 Districts), and Intervention.

To determine which districts are eligible to receive poverty-based assistance, the state looks at the percentage of students whose families receive funds from the state's Ohio Works First (OWF) program, formally known as TANF. "PBA funds are allocated based on a two-part calculation called the Poverty Index. To find the index, a district's OWF percentage is found by calculating the five-year average of OWF students and dividing that by the three-year average of the Formula ADM. This OWF percentage is then divided by the state's OWF percentage (found in the same way as the district's) to give the Index." Funding is then allocated depending on where that district falls on the index and consists of seven different components of aid.

Prior to the last session of the legislature, many at the Department of Education thought that it would be a more accurate gage on poverty if they looked at numbers from all five of the state's welfare programs, including food stamps. The main reasoning behind this is the fact that families can only stay on the OWF program for two years. There is the strong chance in many instances that the family would still be living in poverty even after this time period. Because of this, and the continuing declining numbers of OWF participants, they wanted to look at all five programs. However, once in session and in looking at what the cost would be to the state to implement this, they decided against it. Instead, they offered the districts funding at 102% over their previous years funding in hopes that it would be sufficient.

Vermont

Vermont's Department of Education Chief Financial Officer, Mr. Bill Talbot, revealed that their state's educational system is funded solely on state property taxes, with the exception of federal dollars. Funding is broken down where taxes are collected by applying a non-residential and residential property tax. Non-residential is simply one tax rate. The residential rate varies by district depending on per pupil spending. Locally, they decide on a budget where typically 20% receive federal or categorical dollars, leaving another 80% unfunded. This 80% is paid by the state and divided by a weighted pupil count. On top of base, they weight by three categories:

- 1.) 7th - 12th grade students = 25% more than pre-K-6
- 2.) Poverty = extra 25%
- 3.) ELL = extra 20%

To determine poverty, they look at the number of families that are on food stamps. The goal of this system is to control per pupil spending. Rates go up as per pupil spending goes up. All of this was enacted as a result of the 1997 ruling in *Brigham vs. State of Vermont*.

Virginia

Virginia's overall educational funding system is through state funds - Direct Aid to Public Education. It consists of the Standards of Quality (SOQ), Incentive, Categorical, and School Facilities Programs. Standards of Quality (SOQ) requires a specific local match to ensure all funding requirements are fulfilled. To determine eligibility, they look at National School Lunch program numbers. Local tax base is used at times to make other determinations. They get their tax information from state tax returns, taxable real estate, local retail sales, and adjustable gross income figures. For poverty, they do not have a specific cut-off percentage for which funds are provided, it is looked at on a relative-sliding scale. There are several programs that allocate funds to at-risk populations. They are the K-3 Class Size Reduction program and At-Risk Four Year Olds program. At-Risk Four Year Olds targets those that are at-risk, but are not currently served by Head Start. The money goes toward quality pre-school, education, health services, and for other purposes. At-Risk Four Year Olds is a program that provides an additional state payment to assist in quality pre-school education, health services, social services, parental involvement, and transportation. "The funds are allocated to full-day students at 100% and half-day students are funded on a fractional basis by the pro-rata portion of a full-day" (Virginia Pre-School Initiative: Language from the Governor's Budget Bill).

Conclusions

A large number of Arkansas school districts are considered rural. Many of these rural districts and some districts in mid-sized cities face the problems of declining enrollment, isolation and high concentrations of poverty. There is much for the Legislature to consider in updating strategies for the next biennium.

For the upcoming biennium decisions must be made concerning whether to continue the current funding method for declining enrollment, to discontinue it, or to provide foundation funding on the basis of a rolling average for a period of either two or three years.

Law governing the closing of isolated schools in the state may need to be reevaluated. Law providing the requirements for funding isolated schools may need to be reconsidered. Currently, isolated schools funded prior to 2004-05 are being funded at levels prescribed by law and the original qualifications for that funding are no longer considered for that group of schools. The requirements for special needs isolated funding partially include some of the requirements from the original isolated school funding. The designation of "isolated" for purposes of additional funding could be reviewed and a more stream-lined determination of that designation could be developed.

Adjustments to Arkansas' method of providing funding to districts with high concentrations of poverty students might include "smoothing" the current tiered levels of funding and redefining the purposes for which the funding may be used. The use of the funds could be restricted to use for tutors only as suggested in the state's draft recalibration study, used for after-school and summer programs on a pilot basis, and limited in use for across-the-board teacher salaries.

Education policy leaders in the state will need to consider which options will best provide an adequate education for students in districts with declining enrollment, isolated schools, and high-poverty. Other related issues to review include further consolidation including county-wide

districts, transportation, and distance learning. In the districts facing these issues, challenges ahead include staffing to meet or surpass standards, providing educational leadership, complying with NCLB requirements, transporting students and facilitating student, parent and community involvement within the districts' schools.

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**ARKANSAS DEPARTMENT OF EDUCATION
ACT 21 OF 2006, PRELIMINARY DECLINING ENROLLMENT FUNDING
FISCAL YEAR 2006-2007
21-Jul-06**

Notes: The declining enrollment funding amount in column F below is a preliminary estimate.
 The 3-quarter average daily membership for fiscal year 2006-2007 is not available at this time.
 Special needs isolated funding under section 6-20-604 is not available at this time.
 The funding amount equals the difference between the average of the 2004-2005 and 2005-2006 ADM and the 2005-2006 ADM, multiplied by \$5620.
 The declining enrollment funding distribution is scheduled for June, 2007.
 The source of the ADM data is APSCN.

LEA NO.	County	School District	2004-05 3 QTR ADM	2005-06 3 QTR ADM	Declining Enrollment Funding
101	ARKANSAS	DEWITT	1,638.79	1,539.39	279,314.00
104	ARKANSAS	STUTTGART	1,840.55	1,939.30	0.00
201	ASHLEY	CROSSETT	2,337.48	2,278.32	166,239.60
203	ASHLEY	HAMBURG	1,775.29	1,817.20	0.00
302	BAXTER	COTTER	638.71	635.05	10,284.60
303	BAXTER	MOUNTAIN HOME	3,904.25	3,970.60	0.00
304	BAXTER	NORFORK	462.33	456.98	15,033.50
401	BENTON	BENTONVILLE	9,171.70	10,134.42	0.00
402	BENTON	DECATUR	556.25	564.21	0.00
403	BENTON	GENTRY	1,418.58	1,457.26	0.00
404	BENTON	GRAVETTE	1,597.08	1,650.41	0.00
405	BENTON	ROGERS	12,730.10	12,957.64	0.00
406	BENTON	SILOAM SPRINGS	3,253.39	3,457.28	0.00
407	BENTON	PEA RIDGE	1,223.64	1,310.84	0.00
501	BOONE	ALPENA	548.30	569.06	0.00
502	BOONE	BERGMAN	925.43	963.12	0.00
503	BOONE	HARRISON	2,761.73	2,777.43	0.00
504	BOONE	OMAHA	425.51	441.96	0.00
505	BOONE	VALLEY SPRINGS	951.12	957.84	0.00
506	BOONE	LEAD HILL	420.31	378.03	118,806.80
601	BRADLEY	HERMITAGE	522.42	504.07	51,563.50
602	BRADLEY	WARREN	1,572.42	1,608.20	0.00
701	CALHOUN	HAMPTON	750.40	724.32	73,284.80
801	CARROLL	BERRYVILLE	1,784.61	1,797.59	0.00
802	CARROLL	EUREKA SPRINGS	651.10	669.02	0.00
803	CARROLL	GREEN FOREST	1,248.15	1,243.03	14,387.20
901	CHICOT	DERMOTT	593.86	587.85	16,888.10
903	CHICOT	LAKESIDE	1,550.72	1,538.57	34,141.50
1002	CLARK	ARKADELPHIA	2,192.45	2,198.00	0.00
1003	CLARK	GURDON	834.99	851.71	0.00
1101	CLAY	CORNING	1,217.85	1,184.79	92,898.60
1104	CLAY	PIGGOTT	998.34	1,030.79	0.00

1106	CLAY	RECTOR	650.60	629.45	59,431.50
1201	CLEBURNE	CONCORD	574.48	540.13	96,523.50
1202	CLEBURNE	HEBER SPRINGS	1,715.00	1,706.56	23,716.40
1203	CLEBURNE	QUITMAN	585.18	586.00	0.00
1204	CLEBURNE	WEST SIDE	517.25	505.24	33,748.10
1304	CLEVELAND	WOODLAWN	575.46	578.72	0.00
1305	CLEVELAND	CLEVELAND COUNTY	881.30	874.90	17,984.00
1402	COLUMBIA	MAGNOLIA	3,261.68	3,187.40	208,726.80
1408	COLUMBIA	EMERSON-TAYLOR	668.82	680.65	0.00
1503	CONWAY	NEMO VISTA	464.89	459.41	15,398.80
1505	CONWAY	WONDERVIEW	427.28	416.63	29,926.50
1507	CONWAY	SO CONWAY COUNTY	2,384.69	2,346.44	107,482.50
1601	CRAIGHEAD	BAY	570.93	578.55	0.00
1602	CRAIGHEAD	WESTSIDE CONSOLIDATED	1,663.54	1,649.41	39,705.30
1603	CRAIGHEAD	BROOKLAND	1,243.68	1,322.02	0.00
1605	CRAIGHEAD	BUFFALO ISLAND CENTRAL	829.04	825.24	10,678.00
1608	CRAIGHEAD	JONESBORO	4,664.28	4,751.35	0.00
1611	CRAIGHEAD	NETTLETON	2,841.56	2,929.21	0.00
1612	CRAIGHEAD	VALLEY VIEW	1,656.56	1,832.90	0.00
1613	CRAIGHEAD	RIVERSIDE	770.16	773.73	0.00
1701	CRAWFORD	ALMA	3,134.79	3,207.13	0.00
1702	CRAWFORD	CEDARVILLE	927.85	935.06	0.00
1703	CRAWFORD	MOUNTAINBURG	760.40	750.04	29,111.60
1704	CRAWFORD	MULBERRY/PLEASANT VIEW BICNTY	598.14	577.26	58,672.80
1705	CRAWFORD	VAN BUREN	5,514.30	5,688.01	0.00
1802	CRITTENDEN	EARLE	801.50	864.54	0.00
1803	CRITTENDEN	WEST MEMPHIS	6,088.04	5,982.59	296,314.50
1804	CRITTENDEN	MARION	3,699.87	3,825.25	0.00
1805	CRITTENDEN	TURRELL	367.11	385.84	0.00
1901	CROSS	CROSS COUNTY	724.55	688.07	102,508.80
1905	CROSS	WYNNE	3,149.27	3,045.69	291,059.80
2002	DALLAS	FORDYCE	1,144.40	1,142.66	4,889.40
2104	DESHA	DUMAS	1,726.90	1,734.15	0.00
2105	DESHA	MCGEHEE	1,440.58	1,318.75	342,342.30
2202	DREW	DREW CENTRAL	1,040.62	1,038.16	6,912.60
2203	DREW	MONTICELLO	2,133.07	2,174.52	0.00
2301	FAULKNER	CONWAY	8,414.19	8,570.05	0.00
2303	FAULKNER	GREENBRIER	2,507.96	2,588.21	0.00
2304	FAULKNER	GUY-PERKINS	405.15	431.93	0.00
2305	FAULKNER	MAYFLOWER	856.54	948.03	0.00
2306	FAULKNER	MOUNT VERNON/ENOLA	467.41	474.07	0.00
2307	FAULKNER	VILONIA	2,707.37	2,789.49	0.00
2402	FRANKLIN	CHARLESTON	910.98	901.05	27,903.30
2403	FRANKLIN	COUNTY LINE	565.50	550.10	43,274.00
2404	FRANKLIN	OZARK	1,861.20	1,855.17	16,944.30
2501	FULTON	MAMMOTH SPRING	428.23	454.45	0.00
2502	FULTON	SALEM	722.91	734.37	0.00
2503	FULTON	VIOLA	422.19	410.69	32,315.00
2601	GARLAND	CUTTER-MORNING STAR	668.57	686.55	0.00
2602	GARLAND	FOUNTAIN LAKE	1,167.93	1,135.18	92,027.50

2603	GARLAND	HOT SPRINGS	3,669.15	3,695.00	0.00
2604	GARLAND	JESSIEVILLE	826.68	859.28	0.00
2605	GARLAND	LAKE HAMILTON	3,664.39	3,788.96	0.00
2606	GARLAND	LAKESIDE	2,553.18	2,678.98	0.00
2607	GARLAND	MOUNTAIN PINE	648.15	633.71	40,576.40
2703	GRANT	POYEN	506.86	529.20	0.00
2705	GRANT	SHERIDAN	4,200.63	4,239.01	0.00
2803	GREENE	MARMADUKE	777.65	766.10	32,455.50
2807	GREENE	GREENE COUNTY TECH	3,227.15	3,432.23	0.00
2808	GREENE	PARAGOULD	2,706.08	2,758.33	0.00
2901	HEMPSTEAD	BLEVINS	753.48	728.78	69,407.00
2903	HEMPSTEAD	HOPE	2,749.05	2,693.13	157,135.20
2906	HEMPSTEAD	SPRING HILL	506.95	516.78	0.00
3001	HOT SPRING	BISMARCK	1,020.39	1,042.39	0.00
3002	HOT SPRING	GLEN ROSE	1,026.96	1,033.49	0.00
3003	HOT SPRING	MAGNET COVE	806.24	785.29	58,869.50
3004	HOT SPRING	MALVERN	2,199.90	2,187.06	36,080.40
3005	HOT SPRING	OUACHITA	373.51	409.07	0.00
3102	HOWARD	DIERKS	531.42	537.54	0.00
3104	HOWARD	MINERAL SPRINGS	618.28	616.76	4,271.20
3105	HOWARD	NASHVILLE	1,806.43	1,835.05	0.00
3201	INDEPENDENCE	BATESVILLE	2,583.95	2,547.11	103,520.40
3203	INDEPENDENCE	CUSHMAN	351.79	350.55	3,484.40
3209	INDEPENDENCE	SOUTHSIDE	1,389.58	1,403.37	0.00
3211	INDEPENDENCE	MIDLAND	578.71	562.06	46,786.50
3212	INDEPENDENCE	CEDAR RIDGE	743.57	773.78	0.00
3301	IZARD	CALICO ROCK	499.70	479.73	56,115.70
3302	IZARD	MELBOURNE	848.12	862.55	0.00
3306	IZARD	IZARD COUNTY CONSOLIDATED	503.90	543.14	0.00
3403	JACKSON	NEWPORT	1,594.27	1,598.98	0.00
3405	JACKSON	JACKSON COUNTY	861.93	860.45	4,158.80
3502	JEFFERSON	DOLLARWAY	1,968.71	1,947.46	59,712.50
3505	JEFFERSON	PINE BLUFF	5,677.69	5,500.59	497,651.00
3509	JEFFERSON	WATSON CHAPEL	3,267.16	3,420.88	0.00
3510	JEFFERSON	WHITE HALL	3,186.83	3,188.75	0.00
3601	JOHNSON	CLARKSVILLE	2,319.80	2,348.06	0.00
3604	JOHNSON	LAMAR	1,119.39	1,116.94	6,884.50
3606	JOHNSON	WESTSIDE	570.76	611.23	0.00
3701	LAFAYETTE	BRADLEY	386.67	387.23	0.00
3704	LAFAYETTE	LAFAYETTE COUNTY	990.05	927.77	175,006.80
3804	LAWRENCE	HOXIE	914.60	923.33	0.00
3806	LAWRENCE	SLOAN-HENDRIX	572.01	592.55	0.00
3809	LAWRENCE	HILLCREST	504.33	489.52	41,616.10
3810	LAWRENCE	LAWRENCE COUNTY	1,090.62	1,072.73	50,270.90
3904	LEE	LEE COUNTY	1,486.70	1,411.22	212,098.80
4003	LINCOLN	STAR CITY	1,735.64	1,739.50	0.00
4101	LITTLE RIVER	ASHDOWN	1,650.41	1,668.82	0.00
4102	LITTLE RIVER	FOREMAN	524.50	520.08	12,420.20
4201	LOGAN	BOONEVILLE	1,454.99	1,473.28	0.00
4202	LOGAN	MAGAZINE	514.66	519.99	0.00

4203	LOGAN	PARIS	1,129.43	1,143.58	0.00
4204	LOGAN	SCRANTON	379.53	392.16	0.00
4301	LONOKE	LONOKE	1,784.35	1,844.89	0.00
4302	LONOKE	ENGLAND	916.96	923.28	0.00
4303	LONOKE	CARLISLE	742.51	743.74	0.00
4304	LONOKE	CABOT	8,067.81	8,466.72	0.00
4401	MADISON	HUNTSVILLE	2,476.33	2,483.78	0.00
4501	MARION	FLIPPIN	921.32	909.39	33,523.30
4502	MARION	YELLVILLE-SUMMIT	957.34	931.84	71,655.00
4602	MILLER	GENOA CENTRAL	958.07	980.56	0.00
4603	MILLER	FOUKE	1,013.10	1,005.67	20,878.30
4605	MILLER	TEXARKANA	4,392.54	4,542.02	0.00
4701	MISSISSIPPI	ARMOREL	411.39	410.96	1,208.30
4702	MISSISSIPPI	BLYTHEVILLE	3,115.34	3,094.85	57,576.90
4706	MISSISSIPPI	SO MISSISSIPPI COUNTY	1,352.09	1,290.78	172,281.10
4708	MISSISSIPPI	GOSNELL	1,409.54	1,453.08	0.00
4712	MISSISSIPPI	MANILA	995.32	1,021.92	0.00
4713	MISSISSIPPI	OSCEOLA	1,600.25	1,589.76	29,476.90
4801	MONROE	BRINKLEY	938.32	924.03	40,154.90
4802	MONROE	CLARENDON	734.49	701.76	91,971.30
4901	MONTGOMERY	CADDO HILLS	598.32	587.36	30,797.60
4902	MONTGOMERY	MOUNT IDA	581.14	597.54	0.00
5006	NEVADA	PRESCOTT	1,095.61	1,046.57	137,802.40
5008	NEVADA	NEVADA	415.37	422.99	0.00
5102	NEWTON	JASPER	877.92	894.80	0.00
5106	NEWTON	DEER/MT. JUDEA	471.41	434.64	103,323.70
5201	OUACHITA	BEARDEN	651.66	651.24	1,180.20
5204	OUACHITA	CAMDEN-FAIRVIEW	2,913.85	2,795.17	333,490.80
5205	OUACHITA	HARMONY GROVE	1,013.22	1,037.05	0.00
5206	OUACHITA	STEPHENS	547.53	506.04	116,586.90
5301	PERRY	EAST END	728.83	700.98	78,258.50
5303	PERRY	PERRYVILLE	979.30	994.62	0.00
5401	PHILLIPS	BARTON-LEXA	872.47	824.65	134,374.20
5403	PHILLIPS	HELENA-W HELENA	3,113.55	3,034.50	222,130.50
5404	PHILLIPS	MARVELL	898.30	814.84	234,522.60
5501	PIKE	DELIGHT	382.17	382.08	252.90
5502	PIKE	CENTERPOINT	1,013.07	1,037.50	0.00
5503	PIKE	KIRBY	442.60	450.70	0.00
5504	PIKE	MURFREESBORO	541.69	517.32	68,479.70
5602	POINSETT	HARRISBURG	1,076.30	1,077.24	0.00
5604	POINSETT	MARKED TREE	662.56	643.16	54,514.00
5605	POINSETT	TRUMANN	1,739.72	1,711.39	79,607.30
5607	POINSETT	WEINER	361.48	346.44	42,262.40
5608	POINSETT	EAST POINSETT COUNTY	789.15	796.54	0.00
5703	POLK	MENA	2,037.36	2,059.62	0.00
5704	POLK	VAN COVE	508.51	457.35	143,759.60
5705	POLK	WICKES	667.72	692.47	0.00
5706	POLK	OUACHITA RIVER	685.11	725.13	0.00
5801	POPE	ATKINS	1,073.68	1,094.47	0.00
5802	POPE	DOVER	1,380.28	1,429.20	0.00

5803	POPE	HECTOR	696.83	693.15	10,340.80
5804	POPE	POTTSVILLE	1,306.29	1,386.52	0.00
5805	POPE	RUSSELLVILLE	5,034.29	5,112.58	0.00
5901	PRAIRIE	DES ARC	628.68	631.34	0.00
5903	PRAIRIE	HAZEN	721.48	677.42	123,808.60
6001	PULASKI	LITTLE ROCK	23,185.22	23,561.21	0.00
6002	PULASKI	N LITTLE ROCK	8,709.44	8,844.01	0.00
6003	PULASKI	PULASKI COUNTY	17,279.91	17,444.04	0.00
6102	RANDOLPH	MAYNARD	488.56	506.57	0.00
6103	RANDOLPH	POCAHONTAS	1,886.15	1,877.91	23,154.40
6201	ST FRANCIS	FORREST CITY	3,834.20	3,811.78	63,000.20
6202	ST FRANCIS	HUGHES	656.51	597.39	166,127.20
6205	ST FRANCIS	PALESTINE-WHEATLEY	620.25	564.09	157,809.60
6301	SALINE	BAUXITE	1,112.37	1,161.66	0.00
6302	SALINE	BENTON	4,248.14	4,383.59	0.00
6303	SALINE	BRYANT	6,552.72	6,750.99	0.00
6304	SALINE	HARMONY GROVE	829.29	845.49	0.00
6401	SCOTT	WALDRON	1,692.75	1,771.60	0.00
6502	SEARCY	SEARCY COUNTY	1,006.57	998.40	22,957.70
6505	SEARCY	OZARK MOUNTAIN	754.07	729.57	68,845.00
6601	SEBASTIAN	FORT SMITH	12,829.71	13,307.28	0.00
6602	SEBASTIAN	GREENWOOD	3,243.75	3,270.07	0.00
6603	SEBASTIAN	HACKETT	583.74	610.93	0.00
6604	SEBASTIAN	HARTFORD	429.60	428.80	2,248.00
6605	SEBASTIAN	LAVACA	850.72	904.38	0.00
6606	SEBASTIAN	MANSFIELD	1,048.57	1,078.84	0.00
6701	SEVIER	DEQUEEN	2,424.69	2,421.32	9,469.70
6703	SEVIER	HORATIO	812.80	826.70	0.00
6802	SHARP	CAVE CITY	1,369.32	1,312.98	158,315.40
6804	SHARP	HIGHLAND	1,619.33	1,563.51	156,854.20
6806	SHARP	TWIN RIVERS	483.62	467.69	44,763.30
6901	STONE	MOUNTAIN VIEW	1,688.31	1,687.40	2,557.10
7001	UNION	EL DORADO	4,518.58	4,541.59	0.00
7003	UNION	JUNCTION CITY	675.40	675.65	0.00
7006	UNION	NORPHLET	526.91	544.47	0.00
7007	UNION	PARKERS CHAPEL	717.00	737.89	0.00
7008	UNION	SMACKOVER	837.99	822.29	44,117.00
7009	UNION	STRONG-HUTTIG	698.38	658.22	112,849.60
7102	VAN BUREN	CLINTON	1,325.19	1,304.87	57,099.20
7104	VAN BUREN	SHIRLEY	545.89	561.19	0.00
7105	VAN BUREN	SOUTH SIDE	490.10	506.98	0.00
7201	WASHINGTON	ELKINS	1,066.52	1,119.68	0.00
7202	WASHINGTON	FARMINGTON	1,957.64	2,039.82	0.00
7203	WASHINGTON	FAYETTEVILLE	8,179.62	8,302.49	0.00
7204	WASHINGTON	GREENLAND	1,097.22	929.93	470,084.90
7205	WASHINGTON	LINCOLN CONSOLIDATED	1,201.36	1,244.04	0.00
7206	WASHINGTON	PRAIRIE GROVE	1,505.77	1,585.76	0.00
7207	WASHINGTON	SPRINGDALE	14,407.35	15,614.83	0.00
7208	WASHINGTON	WEST FORK	1,153.68	1,240.61	0.00
7301	WHITE	BALD KNOB	1,323.09	1,305.54	49,315.50

7302	WHITE	BEEBE	2,827.55	2,901.30	0.00
7303	WHITE	BRADFORD	530.81	533.79	0.00
7304	WHITE	WHITE COUNTY CENTRAL	679.77	675.88	10,930.90
7307	WHITE	RIVERVIEW	1,293.99	1,244.52	139,010.70
7309	WHITE	PANGBURN	725.16	702.54	63,562.20
7310	WHITE	ROSE BUD	799.57	807.88	0.00
7311	WHITE	SEARCY SPECIAL	3,694.71	3,892.71	0.00
7401	WOODRUFF	AUGUSTA	678.11	665.99	34,057.20
7403	WOODRUFF	MCCRORY	633.30	633.16	393.40
7503	YELL	DANVILLE	864.10	891.06	0.00
7504	YELL	DARDANELLE	1,749.27	1,792.91	0.00
7509	YELL	WESTERN YELL COUNTY	431.44	441.00	0.00
7510	YELL	TWO RIVERS	1,084.15	1,019.32	182,172.30
TOTALS			450,128.73	456,604.37	9,002,874.70

Memorandum from Tim Gauger

The following is the text of a memorandum from Tim Gauger, Deputy Attorney General, to the Chairs of the Senate and House Interim Committees on Education - dated February 21, 2006.

This memorandum was prepared in response to Mr. Mark Hudson's letter to me, dated January 25, 2006, requesting a presentation on the above-referenced subject at the February 22, 2006 meeting of the House and Senate Interim Committees on Education.

This memo outlines my anticipated presentation concerning legal precedent in Arkansas regarding the funding of "phantom students."

To understand this issue one must first have an understanding of what the phrase "phantom students" means. The phrase is not used in any published Arkansas judicial decision dealing with public school finance, but rather has become a convenient short-hand to refer to the practice, in a school funding formula that distributes funds to school districts on a per-student basis, of distributing funds to districts for more students than a district is currently responsible for educating.

The assertion that the funding of "phantom students" is constitutionally problematic usually stems from the Arkansas Supreme Court's decision in *DuPree v. Alma School District No. 30 of Crawford County*, 279 Ark. 340, 651 S.W.2d 90 (1983). In *DuPree*, several school districts challenged the then-existing school funding system as violating the "equality" provisions of the Arkansas Constitution. The trial court found that the system was unconstitutional, and on appeal the Arkansas Supreme Court affirmed. In its majority opinion, the Supreme Court described the gravamen of the districts' claims as follows:

The appellees' basic contention is the great disparity in funds available for education to school districts throughout the state is due primarily to the fact that the major determinative of revenue for school districts is the local tax base, a basis unrelated to the educational needs of any given district; that the current state financing system is inadequate to rectify the inequalities inherent in a financing system based on widely varying local tax bases, and actually widens the gap between the property poor and the property wealthy districts in providing educational opportunities.

Id., 279 Ark. at 342.

The Court then described how the school funding system operated at the time, and the results of the funding system, as follows:

The funding for Arkansas schools comes from three sources: state revenues provide 51.6%, local revenues 38.1%, and federal revenues 10.3%. The majority of state aid is distributed under the Minimum Foundation Program (MFP). In 1978-79 MFP constituted 77.1% of all state aid. Act 1100 of 1979, the current MFP program, is similar to prior MFP programs and consists of two major elements: Base aid and equalization aid. The base aid program originated under the Minimum School Budget Law of 1951. The formula was based on a calculation of teacher and student population per district. *The base aid program contained a "hold-harmless" provision which guaranteed that no district would receive*

less aid in any year than it received the previous year. As a result, a district with declining enrollment would over the years get continually higher aid per pupil. While Act 1100 eliminates the district "hold-harmless" provision, it still contains a pupil "hold-harmless" provision which has no bearing on educational needs or property wealth; the base aid year is permanently held at the 1978-79 level, and the inequities resulting from thirty years of the district "hold-harmless" provision are being carried forward without compensating adjustments.

The funds remaining after allocation for base aid are distributed under "equalization aid". Under this section of the act, *half* of the remaining funds are distributed under a flat grant on a per pupil bases. Districts receive the same amount of aid under this provision irrespective of local property wealth and revenue raised. The remaining funds under the equalization provision are then distributed under a formula directed at equalizing the disparity between the poor and wealthy districts. Of the total allocated under this program in 1979-80, this accounted for only 6.8% of MFP aid.

* * *

Against this backdrop of funding is the undisputed evidence that there are sharp disparities among school districts in the expenditures per pupil and the education opportunities available as reflected by staff, class size, curriculum, remedial services, facilities, materials and equipment. In dollar terms the highest and lowest revenues per pupil in 1978-79 respectively were \$2,378 and \$873. Disregarding the extremes, the difference at the 95th and 5th percentiles was

\$1,576 and \$937. It is also undisputed that there is a substantial variation in property wealth among districts. The distribution of property wealth, measured as equalized assessed valuation per pupil in average daily attendance (ADA) in 1978-79, ranged from \$73,773 to \$1,853. These wealth disparities are prevalent among both large and small districts. As the system is currently operating, the major determinative of local revenues is district property wealth and the amount a school district can raise is directly related to its property wealth.

The range in revenues among school districts in Arkansas is not limited to the extremes. There are a substantial number of children affected by the revenue disparities. In 1978-79, only 7% of the pupils resided in school districts with over \$1,500 per pupil in state-local revenues, while over 21% resided in districts with less than \$1000 in state-local revenues, and 55% of the districts were below the state mean. This great disparity among the districts' property wealth and the current state funding system as it is now applied does not equalize the educational revenues available to the school districts, but only widens the gap.

Id., 279 Ark. at 343-44 (emphasis added). Based upon this record, the Supreme Court in *DuPree* upheld the trial court's finding that the funding system was unconstitutional.

From the above-quoted portions of the *DuPree* opinion it has been argued that any funding formula that distributes funds to school districts for "phantom students," i.e., for students the district is not currently responsible for educating, is constitutionally suspect. Those who make the argument point to the fact that, in discussing the "inequitable" results produced by the then-existing funding system, the majority in *DuPree* noted and emphasized the effect of the "hold harmless" provisions of the base aid formula on school districts with declining enrollment. Those hold-harmless provisions could be viewed as the funding of "phantom students" because for school districts with declining enrollment, base

aid was “frozen” at a level that did not correspond to the district’s actual needs based upon the number of students it was currently responsible for educating. As is discussed below, however, I do not believe that the *DuPree* decision stands for the proposition that “phantom student” funding is per se unconstitutional. Furthermore, I believe that such an argument is further undermined by the Arkansas Supreme Court’s subsequent decisions in the *Lake View* case.

It is important to keep in mind that, unlike the post-2000 “adequacy” decisions in the *Lake View* case, the *DuPree* case was a so-called “equity” case. In other words, while the post-2000 *Lake View* opinions examined whether the funding system provided sufficient funding to enable school districts to deliver an “adequate” education, the *DuPree* decision was almost exclusively concerned with the issue of whether disparities in funding and expenditures (and hence educational opportunity) between “poor” and “wealthy” school districts were constitutionally tolerable. From an “equity” perspective, any “hold harmless” or “phantom student” aspect of a funding formula, over time, can contribute to inequality of funding and expenditure per student between districts. However, it is important to note that the “hold harmless” aspect of the funding formula examined in *DuPree* was but one of several characteristics of the funding system that contributed to the ultimate funding and expenditure disparities that were found to be unconstitutional. The disparities were also attributable, in part, to the system’s relatively heavy reliance upon local property taxes, the disparities in assessed property values between districts, and the relatively low percentage of state aid distributed in an effort to alleviate the funding disparities attributable to local wealth per student. Thus, *DuPree* cannot be read as holding that *any* funding of “phantom student” is per se unconstitutional -- rather, it is best understood as standing for the proposition that, in an “equity” case, hold-harmless provisions (or funding for “phantom students”) can be one of several factors that lead to constitutionally intolerable funding and expenditure disparities between districts.

Subsequent decisions of the Supreme Court in the *Lake View* case make it clear that there is no *per se* prohibition of the funding of “phantom students.” As an initial matter, I note that the adoption of Amendment 74 and the Supreme Court’s 2002 and 2004 *Lake View* decisions appear to have changed the legal standard for evaluating the “equity” of the school funding system. Language in the Court’s 2002 *Lake View* opinion made it clear that the State had a duty to ensure that all children, regardless of residence, had a substantially equal opportunity to receive an “adequate” education. In its 2004 Supplemental Opinion, *Lake View School Dist. No. 25 v. Huckabee (“Lake View 2004”)*, 358 Ark. 137, ___ S.W.3d ___ (2004) (Supplemental Opinion), the Court clarified what it meant in *Lake View 2002* when it made reference to “substantial equality” of educational opportunity.

One issue raised in the Masters’ Report is whether this court’s term “substantial equality” in *Lake View [2002]* means a basic level of adequate education for all or whether it means identical education assets for all.

We said in *Lake View [2002]* that “[i]t is the State’s responsibility, first and foremost, to develop forthwith what constitutes an adequate education [.]” *Lake View III*, 351 Ark. at ---, 91 S.W.3d at 500. We went on to say that it is the State’s responsibility to afford a substantially equal educational opportunity to all school children, based on what comprises an adequate education. *See id.*

An adequate educational opportunity must be afforded on a substantially equal basis to all the school children of this state. This does not mean that if certain school districts provide *more than* an adequate education, all school districts must provide *more than* an adequate education, all school districts must provide *more than* an adequate education with identical curricula, facilities, and equipment. Amendment 74 to the Arkansas Constitution allows for variances in school district revenues *above* the base millage rate of 25 mills, which may lead to enhanced curricula, facilities, and equipment which are superior to what is deemed to be adequate by the State. Nevertheless, the over arching constitutional principle is that an adequate education must be provided to all school children on a substantially equal basis with regard to curricula, facilities, and equipment. Identical curricula, facilities, and equipment in all school districts across the state is not what is required.

Lake View 2004, 358 Ark. at _____. Thus, after *Lake View 2004*, it is clear that the Constitution no longer requires that school districts have identical or nearly identical revenue or expenditures per student. While the *DuPree* decision might be read to suggest that disparities in funding attributable to local wealth and varying levels of local taxation can violate the Constitution, it is plain after *Lake View 2004* that such disparities are constitutionally tolerable so long as all school districts have sufficient resources to provide an “adequate” education as defined by the State. Enhancements to educational programs funded by local millages adopted pursuant to subsection (c) of Amendment 74 cannot form the basis for a finding that the system is constitutionally inequitable.

More specifically, it does not appear that aspects of the present funding formula that can be characterized as the funding “phantom students” are of concern to the Court. For example, the present funding formula distributes Foundation Aid in the current school year based upon a school district’s Average Daily Membership for the previous school year. In theory, for a district with declining enrollment, this means that the district receives funding based upon a number of students that is greater than the number of students the district currently is responsible for educating. Yet that one-year “hold harmless” or “phantom student” aspect of the formula was not called into question or otherwise criticized by either the Special Masters or the Supreme Court during their proceedings in 2004 or 2005. To the contrary, the Court’s willingness to tolerate limited “hold harmless” or “phantom student” aspects of a funding formula can be inferred from the Court’s comments concerning the needs of school districts with declining enrollments. In its 2005 opinion, under the heading “Other Deficiencies,” the Supreme Court noted that it adopted the Special Masters’ Report “as it pertains to findings of other deficiencies directly related to the constitutionality of Arkansas’ school funding system.” *Lake View School District No. 25 v. Huckabee*, ___ S.W.3d ___, 2005 WL 3436660 (Dec. 15, 2005). One of those “deficiencies” was summarized by the Court as follows:

5. The Masters found other examples of unintended consequences that further affect the economic stability and adequacy of school districts. They underscored that when a school district loses students, its foundation funding is decreased for the following year though salary costs and personnel costs remain unchanged and are ongoing for the following year.

Id. Certainly if the above-described phenomenon is found to be a valid concern with regard to some school districts, some form of a limited “hold harmless” or “phantom student” funding might be one of several options for the legislature to consider by way of a solution. (Gauger, 2006)

Population Projections Through 2030

County	Age	Census	Year	Year	Year	Year	Year	Year	Growing 2005-2030	Declining 2005-2030
		2,000	2,005	2,010	2,015	2,020	2,025	2,030		
Arkansas	Age5-9	1,372	1,334	1,197	1,112	1,016	912	812		
	Age10-14	1,547	1,365	1,319	1,191	1,111	1,008	900		
	Age15-19	1,400	1,444	1,254	1,226	1,089	995	892		
	Total	6,319	6,148	5,780	5,544	5,236	4,940	4,634		-1,514
Ashley	Age5-9	1,858	1,663	1,541	1,541	1,469	1,406	1,310		
	Age10-14	1,829	1,885	1,687	1,571	1,579	1,504	1,440		
	Age15-19	1,788	1,793	1,847	1,667	1,545	1,546	1,476		
	Total	5,475	5,341	5,075	4,779	4,593	4,456	4,226		-1,115
Baxter	Age5-9	1,998	1,968	2,038	2,154	2,476	2,631	2,753		
	Age10-14	2,169	2,399	2,365	2,463	2,591	2,935	3,100		
	Age15-19	2,178	2,343	2,581	2,548	2,658	2,791	3,148		
	Total	6,345	6,710	6,984	7,165	7,725	8,357	9,001	2,291	
Benton	Age5-9	11,423	13,651	14,754	16,134	19,748	22,578	25,244		
	Age10-14	11,301	14,226	16,456	17,728	19,267	23,035	25,976		
	Age15-19	10,473	13,319	16,344	18,685	20,050	21,619	25,548		
	Total	33,197	41,196	47,554	52,547	59,065	67,232	76,768	35,572	
Boone	Age5-9	2,266	2,264	2,290	2,371	2,613	2,747	2,854		
	Age10-14	2,267	2,511	2,509	2,551	2,641	2,899	3,034		
	Age15-19	2,350	2,480	2,733	2,730	2,788	2,883	3,145		
	Total	6,883	7,255	7,532	7,652	8,042	8,529	9,033	1,778	
Bradley	Age5-9	800	765	797	816	848	857	865		
	Age10-14	873	870	837	873	901	936	949		
	Age15-19	897	915	915	890	928	954	996		
	Total	2,570	2,550	2,549	2,579	2,677	2,747	2,810	260	
Calhoun	Age5-9	407	341	303	316	324	299	269		
	Age10-14	427	411	344	303	312	320	295		
	Age15-19	406	399	375	312	281	293	299		
	Total	1,240	1,151	1,022	931	917	912	863		-288
Carroll	Age5-9	1,608	1,789	2,147	2,340	2,745	3,045	3,395		
	Age10-14	1,755	1,925	2,109	2,483	2,692	3,119	3,418		
	Age15-19	1,771	2,016	2,205	2,396	2,781	3,003	3,432		
	Total	5,134	5,730	6,461	7,219	8,218	9,167	10,245	4,515	
Chicot	Age5-9	1,052	912	849	802	598	471	444		
	Age10-14	1,088	951	764	786	729	530	464		
	Age15-19	1,138	990	750	685	686	659	528		
	Total	3,278	2,853	2,363	2,273	2,013	1,660	1,436		-1,417
Clark	Age5-9	1,317	1,381	1,658	1,762	1,855	1,964	2,183		

	Age10-14	1,483	1,838	1,814	2,190	2,404	2,415	2,529	
	Age15-19	2,424	2,323	2,605	2,786	3,208	3,240	3,377	
	Total	5,224	5,542	6,077	6,738	7,467	7,619	8,089	2,547
Clay	Age5-9	1,152	1,089	983	966	938	923	891	
	Age10-14	1,177	1,231	1,169	1,067	1,054	1,032	1,015	
	Age15-19	1,123	1,214	1,271	1,212	1,112	1,101	1,077	
	Total	3,452	3,534	3,423	3,245	3,104	3,056	2,983	-551
Cleburne	Age5-9	1,412	1,435	1,441	1,514	1,752	1,881	1,991	
	Age10-14	1,534	1,691	1,711	1,738	1,818	2,071	2,193	
	Age15-19	1,454	1,672	1,835	1,854	1,892	1,974	2,215	
	Total	4,400	4,798	4,987	5,106	5,462	5,926	6,399	1,601
Cleveland	Age5-9	628	636	608	637	685	749	791	
	Age10-14	640	725	733	711	743	798	864	
	Age15-19	626	707	798	807	789	826	884	
	Total	1,894	2,068	2,139	2,155	2,217	2,373	2,539	471
Columbia	Age5-9	1,752	1,547	1,599	1,619	1,599	1,525	1,472	
	Age10-14	1,855	1,968	1,665	1,819	1,947	1,832	1,764	
	Age15-19	2,312	2,122	2,082	2,005	2,177	2,092	2,093	
	Total	5,919	5,637	5,346	5,443	5,723	5,449	5,329	-308
Conway	Age5-9	1,401	1,390	1,317	1,340	1,353	1,326	1,297	
	Age10-14	1,487	1,473	1,461	1,394	1,424	1,441	1,414	
	Age15-19	1,515	1,543	1,528	1,523	1,460	1,485	1,504	
	Total	4,403	4,406	4,306	4,257	4,237	4,252	4,215	-191
Craighead	Age5-9	5,562	5,871	6,637	7,430	8,740	10,230	12,329	
	Age10-14	5,415	6,272	6,437	7,438	8,363	9,916	11,739	
	Age15-19	6,580	6,588	7,335	7,875	9,011	10,180	12,145	
	Total	17,557	18,731	20,409	22,743	26,114	30,326	36,213	17,482
Crawford	Age5-9	4,152	4,378	4,471	4,737	5,357	5,804	6,202	
	Age10-14	4,400	4,828	5,063	5,191	5,489	6,159	6,617	
	Age15-19	3,934	4,639	5,094	5,346	5,477	5,796	6,463	
	Total	12,486	13,845	14,628	15,274	16,323	17,759	19,282	5,437
Crittenden	Age5-9	4,511	4,231	4,349	4,564	4,543	4,502	4,501	
	Age10-14	4,435	4,469	4,177	4,305	4,562	4,517	4,481	
	Age15-19	4,077	4,323	4,335	4,130	4,241	4,445	4,437	
	Total	13,023	13,023	12,861	12,999	13,346	13,464	13,419	396
Cross	Age5-9	1,525	1,325	1,282	1,281	1,226	1,138	1,074	
	Age10-14	1,601	1,564	1,357	1,323	1,322	1,270	1,181	
	Age15-19	1,560	1,607	1,568	1,371	1,338	1,324	1,265	
	Total	4,686	4,496	4,207	3,975	3,886	3,732	3,520	-976
Dallas	Age5-9	609	570	554	590	599	597	577	
	Age10-14	759	678	629	625	674	681	684	
	Age15-19	749	805	714	699	698	721	745	
	Total	2,117	2,053	1,897	1,914	1,971	1,999	2,006	-47

Desha	Age5-9	1,116	1,032	983	960	721	635	637	
	Age10-14	1,296	1,076	998	941	914	703	667	
	Age15-19	1,321	1,162	939	866	796	790	712	
	Total	3,733	3,270	2,920	2,767	2,431	2,128	2,016	-1,254
Drew	Age5-9	1,321	1,297	1,374	1,407	1,464	1,496	1,539	
	Age10-14	1,357	1,464	1,378	1,529	1,617	1,630	1,652	
	Age15-19	1,689	1,607	1,660	1,710	1,870	1,849	1,923	
	Total	4,367	4,368	4,412	4,646	4,951	4,975	5,114	746
Faulkner	Age5-9	6,123	6,745	8,019	8,723	10,498	11,959	13,742	
	Age10-14	6,281	7,882	8,336	9,889	10,766	12,736	14,429	
	Age15-19	7,858	8,503	10,016	10,833	12,487	13,334	15,501	
	Total	20,262	23,130	26,371	29,445	33,751	38,029	43,672	20,542
Franklin	Age5-9	1,232	1,253	1,299	1,361	1,540	1,643	1,732	
	Age10-14	1,261	1,418	1,438	1,497	1,564	1,755	1,860	
	Age15-19	1,486	1,462	1,634	1,658	1,728	1,806	2,008	
	Total	3,979	4,133	4,371	4,516	4,832	5,204	5,600	1,467
Fulton	Age5-9	692	699	677	699	768	792	814	
	Age10-14	798	810	815	803	828	903	929	
	Age15-19	778	894	909	913	909	935	1,012	
	Total	2,268	2,403	2,401	2,415	2,505	2,630	2,755	352
Garland	Age5-9	5,047	5,160	5,764	6,133	6,801	7,257	7,767	
	Age10-14	5,435	5,761	5,842	6,519	6,954	7,628	8,109	
	Age15-19	5,385	6,083	6,413	6,595	7,295	7,684	8,443	
	Total	15,867	17,004	18,019	19,247	21,050	22,569	24,319	7,315
Grant	Age5-9	1,144	1,185	1,152	1,198	1,342	1,421	1,472	
	Age10-14	1,323	1,359	1,395	1,380	1,436	1,590	1,672	
	Age15-19	1,153	1,408	1,445	1,491	1,481	1,531	1,690	
	Total	3,620	3,952	3,992	4,069	4,259	4,542	4,834	882
Greene	Age5-9	2,678	2,760	2,850	2,936	3,226	3,429	3,633	
	Age10-14	2,685	2,992	3,074	3,183	3,282	3,590	3,791	
	Age15-19	2,592	2,892	3,208	3,293	3,413	3,517	3,826	
	Total	7,955	8,644	9,132	9,412	9,921	10,536	11,250	2,606
Hempstead	Age5-9	1,744	1,858	1,802	1,911	1,990	2,079	2,139	
	Age10-14	1,788	1,884	2,008	1,954	2,087	2,180	2,281	
	Age15-19	1,810	1,859	1,963	2,110	2,053	2,186	2,294	
	Total	5,342	5,601	5,773	5,975	6,130	6,445	6,714	1,113
Hot Spring	Age5-9	2,147	2,167	2,164	2,282	2,555	2,730	2,864	
	Age10-14	2,222	2,410	2,429	2,444	2,571	2,858	3,016	
	Age15-19	2,067	2,320	2,510	2,531	2,550	2,680	2,952	
	Total	6,436	6,897	7,103	7,257	7,676	8,268	8,832	1,935
Howard	Age5-9	1,063	1,037	1,117	1,170	1,227	1,254	1,289	
	Age10-14	1,138	1,194	1,170	1,257	1,325	1,390	1,425	

	Age15-19	1,083	1,133	1,185	1,173	1,258	1,318	1,387	
	Total	3,284	3,364	3,472	3,600	3,810	3,962	4,101	737
Independence	Age5-9	2,188	2,301	2,268	2,307	2,397	2,530	2,643	
	Age10-14	2,415	2,464	2,565	2,557	2,619	2,709	2,842	
	Age15-19	2,685	2,683	2,733	2,866	2,871	2,914	3,023	
	Total	7,288	7,448	7,566	7,730	7,887	8,153	8,508	1,060
Izard	Age5-9	752	740	704	735	814	840	863	
	Age10-14	850	898	855	859	922	977	997	
	Age15-19	753	945	951	973	981	981	1,057	
	Total	2,355	2,583	2,510	2,567	2,717	2,798	2,917	334
Jackson	Age5-9	1,075	997	1,020	1,072	1,083	1,082	1,103	
	Age10-14	1,202	1,227	1,028	1,178	1,343	1,228	1,231	
	Age15-19	1,395	1,337	1,226	1,316	1,491	1,399	1,413	
	Total	3,672	3,561	3,274	3,566	3,917	3,709	3,747	186
Jefferson	Age5-9	6,045	5,424	5,827	5,986	5,709	5,556	5,461	
	Age10-14	6,346	6,656	5,485	6,455	7,221	6,370	6,248	
	Age15-19	6,988	7,080	6,414	6,539	7,532	7,107	6,884	
	Total	19,379	19,160	17,726	18,980	20,462	19,033	18,593	-567
Johnson	Age5-9	1,618	1,691	1,819	1,899	2,151	2,351	2,553	
	Age10-14	1,573	1,926	1,970	2,142	2,263	2,501	2,704	
	Age15-19	1,676	1,864	2,198	2,311	2,500	2,567	2,846	
	Total	4,867	5,481	5,987	6,352	6,914	7,419	8,103	2,622
Lafayette	Age5-9	600	513	509	507	468	438	414	
	Age10-14	631	582	501	500	498	459	427	
	Age15-19	647	596	546	473	466	463	422	
	Total	1,878	1,691	1,556	1,480	1,432	1,360	1,263	-428
Lawrence	Age5-9	1,143	1,128	1,093	1,092	1,115	1,140	1,145	
	Age10-14	1,225	1,255	1,230	1,209	1,219	1,237	1,261	
	Age15-19	1,346	1,327	1,353	1,347	1,332	1,326	1,359	
	Total	3,714	3,710	3,676	3,648	3,666	3,703	3,765	55
Lee	Age5-9	899	731	672	694	615	518	446	
	Age10-14	947	968	647	762	832	690	602	
	Age15-19	995	1,139	835	847	863	829	756	
	Total	2,841	2,838	2,154	2,303	2,310	2,037	1,804	-1,034
Lincoln	Age5-9	896	877	850	905	952	977	1,001	
	Age10-14	899	1,204	875	1,199	1,458	1,292	1,316	
	Age15-19	1,047	1,487	1,247	1,555	1,873	1,574	1,630	
	Total	2,842	3,568	2,972	3,659	4,283	3,843	3,947	379
Little River	Age5-9	922	961	728	685	576	513	422	
	Age10-14	974	884	921	688	645	533	466	
	Age15-19	946	884	784	821	586	539	429	
	Total	2,842	2,729	2,433	2,194	1,807	1,585	1,317	-1,412

Logan	Age5-9	1,579	1,577	1,648	1,684	1,791	1,856	1,921	935
	Age10-14	1,706	1,746	1,744	1,825	1,867	1,985	2,052	
	Age15-19	1,614	1,767	1,810	1,806	1,893	1,935	2,052	
	Total	4,899	5,090	5,202	5,315	5,551	5,776	6,025	
Lonoke	Age5-9	4,172	4,478	4,518	4,799	5,655	6,262	6,729	6,783
	Age10-14	4,532	5,132	5,422	5,537	5,842	6,747	7,384	
	Age15-19	4,067	4,923	5,531	5,823	5,970	6,272	7,203	
	Total	12,771	14,533	15,471	16,159	17,467	19,281	21,316	
Madison	Age5-9	1,048	1,024	984	1,040	1,193	1,263	1,293	758
	Age10-14	1,169	1,246	1,220	1,195	1,255	1,420	1,485	
	Age15-19	1,019	1,214	1,293	1,269	1,244	1,307	1,464	
	Total	3,236	3,484	3,497	3,504	3,692	3,990	4,242	
Marion	Age5-9	917	931	930	1,007	1,220	1,317	1,395	1,338
	Age10-14	1,155	1,210	1,221	1,242	1,326	1,555	1,656	
	Age15-19	1,032	1,312	1,374	1,385	1,418	1,506	1,740	
	Total	3,104	3,453	3,525	3,634	3,964	4,378	4,791	
Miller	Age5-9	2,931	3,139	2,990	3,024	2,983	3,001	3,022	95
	Age10-14	2,979	3,048	3,231	3,115	3,196	3,131	3,142	
	Age15-19	2,983	2,989	3,013	3,269	3,159	3,159	3,107	
	Total	8,893	9,176	9,234	9,408	9,338	9,291	9,271	
Mississippi	Age5-9	4,266	3,902	3,827	3,744	3,134	2,740	2,667	-3,802
	Age10-14	4,287	3,832	3,453	3,367	3,314	2,653	2,654	
	Age15-19	4,211	3,959	3,463	3,162	3,048	2,926	2,570	
	Total	12,764	11,693	10,743	10,273	9,496	8,319	7,891	
Monroe	Age5-9	789	649	618	667	615	562	510	-578
	Age10-14	816	746	625	595	643	590	537	
	Age15-19	823	764	695	578	541	588	534	
	Total	2,428	2,159	1,938	1,840	1,799	1,740	1,581	
Montgomery	Age5-9	580	650	577	603	701	774	816	591
	Age10-14	651	701	771	706	736	841	920	
	Age15-19	582	726	781	850	791	824	932	
	Total	1,813	2,077	2,129	2,159	2,228	2,439	2,668	
Nevada	Age5-9	681	671	644	641	617	603	590	-210
	Age10-14	724	717	699	694	687	665	652	
	Age15-19	768	723	705	687	684	680	659	
	Total	2,173	2,111	2,048	2,022	1,988	1,948	1,901	
Newton	Age5-9	549	562	514	515	509	498	481	-136
	Age10-14	629	624	637	594	597	597	589	
	Age15-19	669	650	647	661	619	625	630	
	Total	1,847	1,836	1,798	1,770	1,725	1,720	1,700	
Ouachita	Age5-9	2,042	1,703	1,698	1,753	1,585	1,389	1,220	
	Age10-14	2,251	2,054	1,725	1,713	1,782	1,622	1,434	

	Age15-19	2,156	2,174	1,979	1,671	1,643	1,712	1,559	
	Total	6,449	5,931	5,402	5,137	5,010	4,723	4,213	-1,718
Perry	Age5-9	725	731	754	799	940	1,019	1,086	
	Age10-14	776	876	880	915	964	1,112	1,188	
	Age15-19	688	849	951	954	995	1,046	1,191	
	Total	2,189	2,456	2,585	2,668	2,899	3,177	3,465	1,009
Phillips	Age5-9	2,376	2,014	2,124	2,178	1,931	1,858	1,888	
	Age10-14	2,383	2,254	1,884	2,010	2,059	1,874	1,834	
	Age15-19	2,361	2,202	2,060	1,716	1,835	1,874	1,806	
	Total	7,120	6,470	6,068	5,904	5,825	5,606	5,528	-942
Pike	Age5-9	747	784	726	737	770	792	806	
	Age10-14	844	847	885	832	848	887	912	
	Age15-19	763	865	874	917	862	883	925	
	Total	2,354	2,496	2,485	2,486	2,480	2,562	2,643	147
Poinsett	Age5-9	1,848	1,774	1,829	1,866	1,910	1,913	1,930	
	Age10-14	1,907	1,918	1,837	1,904	1,953	1,993	1,995	
	Age15-19	1,888	1,985	1,994	1,936	2,005	2,041	2,092	
	Total	5,643	5,677	5,660	5,706	5,868	5,947	6,017	340
Polk	Age5-9	1,391	1,452	1,587	1,672	1,840	1,940	2,067	
	Age10-14	1,494	1,593	1,657	1,801	1,897	2,079	2,185	
	Age15-19	1,463	1,565	1,670	1,738	1,882	1,983	2,169	
	Total	4,348	4,610	4,914	5,211	5,619	6,002	6,421	1,811
Pope	Age5-9	3,854	3,765	4,184	4,419	4,948	5,226	5,507	
	Age10-14	4,054	4,373	4,250	4,728	5,024	5,538	5,826	
	Age15-19	4,602	4,829	5,131	5,092	5,617	5,842	6,412	
	Total	12,510	12,967	13,565	14,239	15,589	16,606	17,745	4,778
Prairie	Age5-9	592	587	538	549	545	528	511	
	Age10-14	694	620	618	564	570	557	538	
	Age15-19	647	684	613	615	560	565	551	
	Total	1,933	1,891	1,769	1,728	1,675	1,650	1,600	-291
Pulaski	Age5-9	25,343	24,299	26,139	26,939	26,112	26,166	26,316	
	Age10-14	24,790	24,784	23,602	25,554	26,852	25,744	25,858	
	Age15-19	24,512	24,510	24,275	24,030	25,823	26,554	25,900	
	Total	74,645	73,593	74,016	76,523	78,787	78,464	78,074	4,481
Randolph	Age5-9	1,212	1,188	1,081	1,096	1,150	1,161	1,158	
	Age10-14	1,354	1,369	1,345	1,249	1,268	1,332	1,344	
	Age15-19	1,295	1,427	1,449	1,427	1,335	1,359	1,424	
	Total	3,861	3,984	3,875	3,772	3,753	3,852	3,926	-58
St.Francis	Age5-9	2,268	2,120	1,983	1,913	1,632	1,427	1,278	
	Age10-14	2,259	2,272	1,933	1,983	2,093	1,640	1,448	
	Age15-19	2,253	2,559	2,209	2,258	2,326	2,053	1,766	
	Total	6,780	6,951	6,125	6,154	6,051	5,120	4,492	-2,459

Saline	Age5-9	5,903	6,207	5,829	6,056	6,796	7,373	7,762	5,039
	Age10-14	6,182	6,896	7,175	6,884	7,156	7,935	8,527	
	Age15-19	5,757	6,696	7,424	7,749	7,489	7,746	8,549	
	Total	17,842	19,799	20,428	20,689	21,441	23,054	24,838	
Scott	Age5-9	776	876	798	823	893	934	969	412
	Age10-14	850	841	943	868	897	973	1,018	
	Age15-19	772	915	913	1,016	945	978	1,057	
	Total	2,398	2,632	2,654	2,707	2,735	2,885	3,044	
Searcy	Age5-9	466	500	454	455	441	426	422	-172
	Age10-14	576	527	562	519	523	513	497	
	Age15-19	563	569	520	557	513	517	505	
	Total	1,605	1,596	1,536	1,531	1,477	1,456	1,424	
Sebastian	Age5-9	8,183	8,766	9,437	10,010	10,798	11,477	12,206	10,669
	Age10-14	8,162	8,796	9,417	10,093	10,745	11,590	12,306	
	Age15-19	8,219	8,811	9,525	10,231	10,899	11,605	12,530	
	Total	24,564	26,373	28,379	30,334	32,442	34,672	37,042	
Sevier	Age5-9	1,300	1,362	1,462	1,533	1,660	1,772	1,970	1,867
	Age10-14	1,151	1,467	1,541	1,640	1,729	1,874	1,980	
	Age15-19	1,219	1,213	1,545	1,633	1,725	1,828	1,959	
	Total	3,670	4,042	4,548	4,806	5,114	5,474	5,909	
Sharp	Age5-9	1,019	1,070	995	1,046	1,206	1,302	1,350	977
	Age10-14	1,093	1,237	1,286	1,227	1,283	1,455	1,554	
	Age15-19	1,053	1,225	1,373	1,420	1,372	1,431	1,605	
	Total	3,165	3,532	3,654	3,693	3,861	4,188	4,509	
Stone	Age5-9	680	693	743	776	866	900	943	709
	Age10-14	801	817	829	889	926	1,023	1,056	
	Age15-19	716	809	826	840	899	937	1,029	
	Total	2,197	2,319	2,398	2,505	2,691	2,860	3,028	
Union	Age5-9	3,219	2,845	2,791	2,771	2,530	2,312	2,149	-2,346
	Age10-14	3,461	3,328	2,953	2,912	2,919	2,677	2,469	
	Age15-19	3,459	3,344	3,196	2,859	2,807	2,787	2,553	
	Total	10,139	9,517	8,940	8,542	8,256	7,776	7,171	
Van Buren	Age5-9	962	952	902	931	1,016	1,076	1,113	505
	Age10-14	1,031	1,128	1,118	1,079	1,113	1,208	1,273	
	Age15-19	1,021	1,129	1,232	1,224	1,189	1,228	1,328	
	Total	3,014	3,209	3,252	3,234	3,318	3,512	3,714	
Washington	Age5-9	10,784	12,507	15,192	16,452	18,958	20,796	23,046	32,715
	Age10-14	10,536	13,055	14,630	17,563	19,132	21,564	23,462	
	Age15-19	13,241	13,934	16,443	18,509	21,592	22,890	25,703	
	Total	34,561	39,496	46,265	52,524	59,682	65,250	72,211	
White	Age5-9	4,614	4,588	5,217	5,520	6,280	6,899	7,534	
	Age10-14	4,740	5,737	5,634	6,382	6,791	7,512	8,115	
	Age15-19	5,700	6,131	7,092	7,159	7,980	8,253	9,075	

	Total	15,054	16,456	17,943	19,061	21,051	22,664	24,724	8,268	
Woodruff	Age5-9	606	604	451	433	367	309	261		
	Age10-14	645	576	584	431	413	347	287		
	Age15-19	648	587	523	534	378	358	290		
	Total	1,899	1,767	1,558	1,398	1,158	1,014	838		-929
Yell	Age5-9	1,552	1,515	1,719	1,815	1,955	2,052	2,186		
	Age10-14	1,565	1,745	1,718	1,925	2,037	2,197	2,306		
	Age15-19	1,546	1,711	1,911	1,899	2,103	2,232	2,411		
	Total	4,663	4,971	5,348	5,639	6,095	6,481	6,903	1,932	
State Totals									200,840	-24,743
									Net Student Growth	176,097

Map

**Rank of Student Density Per Square Mile
By School District 2005-06**

Map

Special Needs Isolated Funding 2005-06

Opinion 2005-148

July 19, 2005

The Honorable Barbara Horn
State Senator
Post Office Box 64
Foreman, AR 71836-0064

Dear Senator Horn:

I am writing in response to your request for my expedited opinion on the following question, which you have submitted on behalf of the Fouke School District:

For the purpose of Act 60, what would constitute an isolated school or campus (meeting four (4) of the five (5) criteria for isolated) being considered "open"?

You have further posed the following series of hypothetical questions for my consideration:

1. Would keeping utilities turned on and the buildings maintained constitute "open" if no students were being served in those buildings?
2. Would serving some students parts of the school week on a part day schedule every school day constitute "open"?
3. Would maintaining a pre-school program for an entire school year constitute "open"?
4. Would locating only a class of school age children receiving self-contained special education services constitute "open"?
5. Would locating one or more grades of elementary aged children constitute "open"?
6. Would locating only a district wide alternative learning environment or in-school suspension program in such a school constitute "open"?

7. Would maintaining only an adult education program in such a school constitute "open"?
8. Would locating administrative offices on such a campus constitute "open"?
9. Would scheduling interscholastic events for school aged children such as athletic tournaments, competitions, quiz bowl, etc. constitute as "open"?
10. Would leasing out facilities to an outside entity constitute as "open"?

RESPONSE

I must respectfully decline to answer your specific questions, which raise issues of fact that this office is neither equipped nor authorized to address. However, I can and will set forth the general principles that I believe the Arkansas Department of Education would apply in determining whether a particular isolated facility qualifies as "open" and hence eligible for special needs and isolated school funding. As discussed further below, the primary operative principle that I believe would provide guidance in addressing each of your specific questions is that a school facility will qualify as "open" if it accommodates in accredited classroom activities students classified as K-12. The amount of available state funding will depend upon the average daily membership of such students, possibly supplemented by special needs funding for qualifying K-12 students.

Act 60 of 2003 (2d Ex. Sess.) provides for the administrative annexation or consolidation of school districts serving fewer than 350 students, including those containing isolated schools.

Section 6-20-602 of the Code (West Supp. 2005), as enacted pursuant to Act 60 and amended pursuant to Acts 2005, No. 1397, § 2, defines the term "isolated school" as follows:

(a) "Isolated school" means a school within a school district that:

- (1) Prior to administrative consolidation or annexation under this section, § 6-13-1601 et seq., and § 6-13-1405(a)(5) qualified as an isolated school district under § 6-20-601; and
- (2) Is subject to administrative consolidation or annexation under this section, § 6-13-1601 et seq., and § 6-13-1405(a)(5).