



Declining Enrollment and Student Growth Funding

School districts receive foundation funding based on their average daily membership (ADM), a measure of student count. When a district's ADM grows or declines rapidly, the district's costs may not decrease or increase at the same pace. To help make the transition from one year to the next, the state provides funding through two funding programs: **student growth funding** and **declining enrollment funding**. Both types of funding are considered unrestricted, meaning districts and charter schools can spend the money however best fits their needs.

Student Growth Funding

Student growth funding is the additional funding school districts receive to handle increasing numbers of students. This funding program was first made available to local school districts in 1996 based on Act 917 of 1995. However, it was modified during the 2003 legislative session to align with the new foundation funding system put in place that year. The funding calculation was changed again in the 2017 legislative session with Act 741.

Student growth funding is calculated on a quarterly basis. School districts are eligible for growth funding if they have more students in the any single quarter of the current year than they had in the previous year. The funding essentially provides districts with the foundation funding rate for each student added in the current school year.

In 2016-17, **101 districts received \$28.6 million in student growth funding and 9 charters received \$5.3 million**. The five highest student growth payments made in 2016-17 were received by the following districts/charters:

District/Charter	Student Growth Funding
LISA Academy	\$3,353,455
Bentonville	\$3,323,665
Rogers	\$2,154,168
Springdale	\$1,976,753
Academics Plus	\$1,661,068

Districts collectively spent about **\$22 million in student growth funding in 2015-16, and charters spent about \$2 million**. (The 2016-17 expenditures were not finalized in time to be included in this analysis.) Because districts and charters do not receive their full student growth funding allotment until the end of the school year, some districts carry over funding to the following year.

Declining Enrollment Funding

Declining enrollment funding is designed to provide extra money to districts to help them adjust to a decrease in foundation funding resulting from the loss of students. It was created by Act 21 of the First Extraordinary Session of 2006.

The calculation for declining enrollment funding results in decreasing districts receiving the foundation funding rate for about half of the students the district loses in a year. In 2016-17, **83 districts received a total of about \$11.3 million in declining enrollment funding, and one open enrollment charter school received about \$59,000**.

The following five districts received the most declining enrollment funding in 2016-17:

District	Declining Enrollment
Jacksonville N. Pulaski	\$927,549
Pine Bluff	\$803,900
Forrest City	\$552,582
Wynne	\$434,682
Helena-West Helena	\$415,840

Districts collectively spent about **\$7.6 million in declining enrollment funding in 2015-16**.

The calculations for declining enrollment funding and student growth funding differ in three important ways:

- 1.) Student growth funding is based on a district's growth in the current year, while declining enrollment is based on the loss of students a year ago.
- 2.) Student growth funding is based on increases in students each quarter, while declining enrollment funding is based on the overall decrease for the year.
- 3.) Student growth funding pays districts the foundation funding rate for each student added, while declining enrollment funding pays districts the foundation funding rate for half of the students lost.

These differences result in districts qualifying for both growth funding and declining enrollment funding in the same year. However, state statute prohibits school districts from actually receiving both declining enrollment funding and student growth funding in the same year. State statute also prohibits districts from receiving both declining enrollment funding and another type of funding known as **special needs isolated funding**, another type of funding provided to districts that are considered isolated. When a district is eligible for both declining enrollment and student growth or is eligible for both declining enrollment and special needs isolated, the Arkansas Department of Education provides the funding type that offers the most money to the district.