

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative Thicksten**

A Bill

ACT 968 OF 1993
HOUSE BILL 1256

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §§6-20-302, 6-20-
9 306, AND 6-20-314 TO MODIFY THE FORMULA FOR CALCULATING
10 STATE AID TO LOCAL SCHOOL DISTRICTS; AND FOR OTHER
11 PURPOSES."

Subtitle

14 "AN ACT TO AMEND THE ARKANSAS CODE TO MODIFY THE FORMULA
15 FOR CALCULATING STATE AID TO LOCAL SCHOOL DISTRICTS."

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

19 SECTION 1. Arkansas Code §6-20-302 is hereby amended to read as
20 follows:

21 "6-20-302. Definitions.

22 As used in this subchapter, unless the context otherwise requires:

23 (1) Average daily membership (ADM) means the total number of days
24 attended plus the total number of days absent by students in grades
25 kindergarten through twelve (K-12) during the first three (3) quarters of each
26 school year, divided by the number of school days actually taught in the
27 district during that period of time. For aid purposes, the ADM of growing
28 school districts shall be the ADM of the previous year plus the total ADM
29 increase for the first three (3) quarters of the current year. The initial
30 aid computation for all districts shall be made using the ADM of the previous
31 year. At the end of the first quarter an adjustment shall be made in the aid
32 using the ratio of the previous year_s first quarter ADM to the previous
33 year_s three (3) quarter average ADM to project the three (3) quarter average
34 ADM for the current year using the first quarter actual ADM of the current
35 year as follows:

36

1 Previous year_s first quarter ADM ÷ Previous year_s three quarter average
2 ADM = Current year_s first quarter actual ADM ÷ Projected three quarter
3 average ADM for current year

4

5 The aid will be adjusted only if the projection shows an increase of one (1)
6 ADM or more over the actual three-quarter average ADM of the previous year.
7 For all school districts that have grown by one (1) ADM or more during the
8 current year, the aid shall be adjusted at the end of the first three (3)
9 quarters of the year in which the aid is distributed to include the actual
10 growth of the affected districts for the current year. Such adjustments shall
11 be determined by recalculating individually the aid due each affected district
12 and shall be made before the end of the year in which the aid is distributed.
13 No such adjustment, however, shall result in any school district_s ADM for
14 aid purposes in any year being less than that shown for the district in the
15 first three (3) quarters of the previous year. For aid purposes, the ADM of
16 school districts that are losing ADM shall be the ADM of the previous year or
17 the average of the ADM for the three (3) previous years (the first three (3)
18 quarter average for each of the three (3) years prior to the year in which the
19 aid is distributed), whichever is larger. *Provided that the use of the three-*
20 *year average ADM shall be phased in beginning in 1993-94 as follows: If the*
21 *previous year's ADM is larger than the average ADM of the three (3) previous*
22 *years no adjustment is necessary. If the previous year's ADM is smaller than*
23 *the average ADM of the three (3) previous years, the difference shall be*
24 *multiplied by the fraction where the numerator is the increase in Minimum*
25 *Foundation Program Aid (cumulative from year to year) over the amount*
26 *distributed in 1992-93, and the denominator is sixty million dollars*
27 *(\$60,000,000). The result, rounded to two decimal places, shall be added to*
28 *the ADM of the previous year and used as the ADM for calculating MFPA. When*
29 *the numerator of the fraction reaches sixty million dollars (\$60,000,000), the*
30 *phase-in of the three-year average for use in calculating the MFPA for*
31 *districts losing ADM will have been completed. The ADM for any year is*
32 *defined to be the average ADM for the first three (3) quarters of the year.*

33 (A) As applies to this subchapter, students who may be counted
34 for average daily membership are:

35 (i) Students who reside within the boundaries of the school

1 district and are enrolled either within a public school operated by the
2 district or in a public school operated by another district or a private
3 school for special education students, with such attendance in both instances
4 resulting from a written tuition agreement approved by the Department of
5 Education; and

6 (ii) Legally transferred students living outside the
7 district but attending a public school in the district.

8 (B) For purposes of this subchapter, kindergarten students
9 enrolled in one-half (1/2) day programs shall be counted as one-half (1/2)
10 time students;

11 (2) Weighted average daily membership (WADM) means the average daily
12 membership plus the add-on weights for special education, vocational
13 education, *gifted and talented education, isolation, and for consolidation.*

14 (A) Students evaluated as special education students in
15 accordance with regulations promulgated by the Department of Education shall
16 be given add-on weights in the following amounts for each type of setting in
17 which services are required:

18	Itinerant	.40
19	Resource Room	.85
20	Self-contained (Ratio of 1-15)	.70
21	Self-contained (Ratio of 1-10)	1.10
22	Self-contained (Ratio of 1-6)	2.00
23	Special School, Day	2.35

24 (B) Vocational programs shall be divided into four (4) groups.
25 Group 1 shall include career orientation and cooperative programs except those
26 involving handicapped students. Group 2 shall include coordinated career
27 education, consumer and homemaking education, and exploratory programs in all
28 occupational areas. Group 3 shall include skill training programs in all
29 occupational areas. Group 4 shall include exceptionally high cost skill
30 training programs limited to electronics, welding, machine shop, industrial
31 equipment mechanics, and metal trades. Weighting for programs approved by the
32 Vocational and Technical Education Division shall be as follows:

33	SERVICE HOUR	FULL-TIME EQUIVALENT
34	-----	-----
35	Group 1 .067	.40

1 Group 2	.083	.50
2 Group 3	.100	.60
3 Group 4	.150	.90

4 (C) When a home district sends students to an approved vocational
5 center, funds shall be transmitted by the home district to the vocational
6 center during the year instruction is provided on the same schedule through
7 which the home district receives its Minimum Foundation Program Aid from the
8 Department of Education or on some alternate schedule approved by the
9 Vocational and Technical Education Division. These funds shall equal two
10 hundred fifty dollars (\$250) per half-time equivalent student (three (3)
11 periods) during school year 1985-86 for tuition and one hundred percent (100%)
12 of the funds generated by add-on weights. The tuition shall increase to three
13 hundred dollars (\$300) per half-time equivalent student for the school year
14 1986-87 and shall, for school years thereafter, be determined by the State
15 Board of Vocational Education after an analysis of the impact of charging
16 tuition on vocational centers enrollments. Each school district participating
17 in a vocational center shall submit to the Vocational and Technical Education
18 Division by April 10 of each year the number of students enrolled in the
19 current school year. The Vocational and Technical Education Division shall use
20 current enrollments to determine the number of add-ons to be certified, by
21 April 25 of each year, to the General Education Division which is used for the
22 computation of state aid.

23 (D) School districts which operate, either individually or as a
24 part of a cooperative of districts, an approved educational program for gifted
25 and talented students shall receive funds for the operation of the program
26 based on an add-on weight of twenty-five hundredths (.25) for each of its
27 students identified as being gifted or talented under guidelines and criteria
28 approved by the State Board of Education, up to a number equal to five percent
29 (5%) of its ADM for the previous year.

30 (3) Previous year means the school year immediately preceding the
31 school year in which funds authorized by this subchapter are allocated;

32 (4) (A) Assessed valuation means the total valuation for tax purposes
33 of the real, personal, and utility and carrier property, including mineral
34 leases, as certified by the county clerk or the county board of education to
35 the Department of Education.

1 (B) For purposes of this subchapter, the charged assessment of
2 the various school districts of the state shall be determined as follows:

3 (i) Real Property. The actual assessment figures reported
4 shall be used for all counties that have been reassessed;

5 (ii) Utilities and Regulated Carriers. For school
6 districts located in counties that have been reassessed, the charged
7 assessment used shall be the actual assessment for the calendar year prior to
8 the base year multiplied by the ratio of the taxes due to be collected in the
9 current or latest year to the taxes due to be collected in the base year;

10 (iii) Personal Property. For school districts located in
11 counties that have been reassessed, the charged assessment used shall be the
12 actual assessment for the calendar year prior to the base year multiplied by
13 the ratio of the taxes due to be collected in the current or latest year to
14 the taxes due to be collected in the base year;

15 (5) Base year, as used in this section, means the last year that
16 taxes are due to be collected using old assessment figures pursuant to
17 Arkansas Constitution, Amendment 59;

18 (6) Charged assessed valuation means the sum of the charged
19 assessments on real property, personal property, and utilities and regulated
20 carriers for each school district;

21 (7) Total local resources means the sum of the charges levied against
22 each school district's charged assessed valuation and seventy-five percent
23 (75%) of its miscellaneous funds;

24 (8) Net local resources means the total local resources minus the
25 master's degree credit allowance;

26 (9) Credit allowance means an allowance toward each school district's
27 local charge made for all certified personnel holding a master's or higher
28 degree, excluding those occupying supervisory or administrative positions.
29 Only those personnel paid from a combination of state and local funds may be
30 counted for this purpose, except that an employee who divides his or her time
31 between federally funded and regular programs may be counted for the
32 proportional time that is devoted to regular programs. The credit allowance
33 per unit shall be an amount equal to one thousand two hundred dollars (\$1,200)
34 minus each district's local resource rate per WADM. The actual credit
35 allowance shall then be this difference multiplied by the district's number of

1 qualifying personnel;

2 (10) Adjusted local resource rate per WADM means the net local
3 resources of a school district divided by the WADM for the previous year of
4 the respective school district;

5 (11) Local resource rate per WADM means each school district's total
6 local resources divided by the district's WADM of the previous year;

7 (12) State base equalization rate per WADM means an amount determined
8 when the sum of the net local resources of all districts in the state and the
9 total state aid available for distribution is divided by the state's total
10 WADM of the previous year. In making this computation, the net local resources
11 and the WADM of the districts whose adjusted local resource rate per WADM are
12 above the state base equalization rate per WADM shall be removed prior to the
13 final computation;

14 (13) (A) Miscellaneous funds charge means the charge of seventy-five
15 percent (75%) of the funds received by the district during the current year
16 which are classified as miscellaneous. Such funds shall include those
17 received from federal forest reserves, federal grazing rights, federal mineral
18 rights, federal flood control, wildlife refuge funds, funds received by the
19 district in lieu of taxes, and severance taxes.

20 (B) When Arkansas meets the federal definition of equity, school
21 assistance in federally affected areas shall also be included in the
22 miscellaneous funds category.

23 (i) In making initial state aid allocations, each district
24 shall be charged seventy-five percent (75%) of the lesser of the amount of
25 miscellaneous funds it received the previous year or the amount which equals
26 the average of the previous four (4) years excluding the highest year and the
27 lowest year.

28 (ii) Upon determination of total miscellaneous funds for
29 the current year, the State Department of Education shall immediately
30 determine whether any school districts have experienced an increase or a
31 decrease in Minimum Foundation Program Aid as a result of the miscellaneous
32 funds charge being computed as set forth in subdivision (13) (B) (i).

33 Adjustments for increases and decreases shall be made in the distribution of
34 Minimum Foundation Program Aid for those districts. The State Department of
35 Education shall withhold sufficient funds to make those adjustments;

1 (14) _State aid table rate per WADM_ means the difference between the
2 state base equalization rate and the adjusted local resource rate per WADM."

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4 SECTION 2. Arkansas Code §6-20-306 is hereby amended to read as
5 follows:

6 "6-20-306. Computation of state aid for allocation to school districts.

7 (a) (1) A charge shall be levied against each district's charged
8 assessed valuation by property class as indicated below:

9	REAL	PERSONAL	UTILITIES AND
10	PROPERTY	PROPERTY	REGULATED
11			CARRIERS
12	19 Mills	45 Mills	45 Mills

13 (2) The charge levels as provided by this subsection shall be
14 increased by one-tenth (1/10) mill against each property class, except
15 personal property, utilities, and regulated carriers, for each two million
16 five hundred thousand dollar increase in funding by the state for Minimum
17 Foundation Program Aid. The charge level on real property shall not be
18 increased to an amount greater than the average millage voted by school
19 districts in the State of Arkansas in the second previous year to the year in
20 which the aid is distributed.

21 (3) (A) Beginning July 1, 1995, and thereafter, the charge levels
22 provided by this subsection shall be increased by one-tenth (1/10) mill
23 against personal property, utilities, and regulated carriers for each two
24 million five hundred thousand dollar increase in funding by the state for
25 Minimum Foundation Program Aid. The charge levels shall not be increased by
26 more than six (6) mills, resulting in a maximum to be charged of fifty-one
27 (51) mills on personal property, utilities, and regulated carriers.

28 (B) Any school district which in the second annual school
29 election after an increase is made in the state's charged millage levy votes a
30 millage levy on its assessment that is more than three (3) mills below the
31 state's charge levy on real property shall lose all add-on weights for which
32 it qualifies under §6-20-302(2) (B), (C), and (D), except that if the salaries
33 paid to certified personnel in any school district the previous year are in
34 the top ten percent (10%) when compared to salaries paid to certified
35 personnel in other school districts in Arkansas, no minimum millage will be

1 required to be voted; and except that the maximum millage required to be voted
2 will be twenty-two (22) mills. Add-on weights lost under this provision shall
3 be restored in the school year following the annual school election in which
4 the voters of the district approve a tax levy on its charged assessment which
5 is within three (3) mills of the state's charged levy, or the voters approve a
6 tax levy of twenty-two (22) mills, or the salaries paid to certified personnel
7 in the school district the previous year are in the top ten percent (10%) when
8 compared to salaries paid to certified personnel in other school districts in
9 Arkansas.

10 (b) Each district's state aid allocation shall be an amount determined
11 when its adjusted local resource rate per WADM is subtracted from the state
12 base equalization rate per WADM and the difference is multiplied by its WADM
13 of the previous year."

14

15 SECTION 3. Arkansas Code §6-20-314 is hereby amended to read as
16 follows:

17 "6-20-314. Set-aside funds - Second tier equalization for poorer school
18 districts.

19 (a) (1) Notwithstanding other provisions of this subchapter, an amount
20 not to exceed five percent (5%) of any increased funds available in the 1993-
21 94 school year, and for each year thereafter, over the preceding year for
22 Minimum Foundation Program Aid (MFPA) allocation shall be set aside from the
23 total funds available for distribution under the provisions of this subchapter
24 for funding a second tier of equalization.

25 (2) The amount set aside in any year for funding a second tier of
26 equalization shall be carried forward to the next year and shall be added to
27 any increased funds available the next year for funding a second tier of
28 equalization. The amount brought forward each year shall be cumulative,
29 except that the total amount set aside in any year for funding a second tier
30 of equalization shall not be more than one percent (1%) of the MFPA for that
31 year.

32 (b) To determine the qualifying districts for this funding, the school
33 districts in the state shall be arranged in descending order by school
34 districts according to the local resource rate per WADM, as defined in § 6-20-
35 302. In order to be eligible for second tier funding, school districts must

1 have voted a millage the previous year at least equal to the millage charge on
2 real property for the year in which the aid is distributed.

3 (c) Beginning with the bottommost school district, the amount of aid
4 available shall be added to each district's local resource rate per WADM in
5 such a manner that all districts participating will have the same amount per
6 WADM, including the second tier funds and the local resource rate."

7

8 SECTION 4. All provisions of this act of a general and permanent nature
9 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
10 Revision Commission shall incorporate the same in the Code.

11

12 SECTION 5. If any provision of this act or the application thereof to
13 any person or circumstance is held invalid, such invalidity shall not affect
14 other provisions or applications of the act which can be given effect without
15 the invalid provision or application, and to this end the provisions of this
16 act are declared to be severable.

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18 SECTION 6. All laws and parts of laws in conflict with this act are
19 hereby repealed.

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/s/Edward F. Thicksten

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APPROVED: 4/9/93

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As Engrossed: 2/1/93 2/5/93 2/26/93

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