

1 State of Arkansas As Engrossed: S3/18/19 H4/3/19 H4/3/19
2 92nd General Assembly
3 Regular Session, 2019

A Bill

SENATE BILL 535

4
5 By: Senators B. Johnson, E. Cheatham
6 By: Representatives Murdock, Dotson

For An Act To Be Entitled

9 AN ACT CONCERNING THE ACADEMIC FACILITIES WEALTH
10 INDEX; TO REVISE THE METHOD BY WHICH THE ACADEMIC
11 FACILITIES WEALTH INDEX IS CALCULATED; AND FOR OTHER
12 PURPOSES.

Subtitle

16 TO REVISE THE METHOD BY WHICH THE
17 ACADEMIC FACILITIES WEALTH INDEX IS
18 CALCULATED.

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

23 SECTION 1. Arkansas Code § 6-20-2502(1), concerning the calculation of
24 the "academic facilities wealth index" in the Arkansas Public School Academic
25 Facilities Funding Act, is amended to read as follows:

26 (1)(A) For fiscal years 2024-2025 and each year thereafter,
27 "~~Academic~~ academic facilities wealth index" means a percentage derived from
28 the following computations:

29 (i) Determine the value of one (1) mill per student
30 in each school district as follows:

31 (a) Multiply the value of one (1) mill by the
32 total assessed valuation of taxable real, personal, and utility property in
33 the school district as shown by the applicable county assessment for the most
34 recent year; and

35 (b) Divide the product from subdivision
36 (1)(A)(i)(a) of this section by the largest average daily membership of a



1 school district over the previous decade;

2 (ii)(a) Calculate each school district's relative
 3 median income by dividing the household median income for the area served by
 4 each school district by the household median income of the school district
 5 with the highest household median income.

6 (b) The household median income used in
 7 subdivision (1)(A)(ii)(a) of this section shall be the household median
 8 income as estimated by the United States Bureau of the Census's American
 9 Community Survey;

10 (iii) Calculate the median income per mill value by
 11 multiplying each school district's value of one (1) mill per student as
 12 calculated under subdivision (1)(A)(i) of this section by the school
 13 district's relative median income as calculated under subdivision
 14 (1)(A)(ii)(a) of this section; and

15 (iv) Identify the school district at the ninety-
 16 fifth percentile according to the value calculated under subdivision
 17 (1)(A)(iii) of this section by:

18 ~~(i) Determine the value of one (1) mill per~~
 19 ~~student in each school district as follows:~~

20 ~~(a) Multiply the value of one (1) mill~~
 21 ~~by the total assessed valuation of taxable real, personal, and utility~~
 22 ~~property in the school district as shown by the applicable county assessment~~
 23 ~~for the most recent year; and~~

24 ~~(b) Divide the product from subdivision~~
 25 ~~(1)(A)(i)(a) of this section by the greater of the prior year average daily~~
 26 ~~membership of the school district or the prior three year average of the~~
 27 ~~school district's average daily membership;~~

28 ~~(ii)(a) Determine~~ Determining student millage
 29 rankings by listing the ~~computation~~ median income per mill value under
 30 subdivision ~~(1)(A)(i)~~ (1)(A)(iii) of this section for each school district
 31 from ~~students~~ districts with the lowest ~~value~~ median income per mill value to
 32 ~~students~~ school districts with the highest ~~value~~ median income per mill
 33 value;

34 ~~(iii)(b) Allocate~~ Allocating the student
 35 millage rankings into percentiles with the first percentile containing the
 36 one percent (1%) of students based on the prior year average daily membership

1 with the lowest value per mill and the one-hundredth percentile containing
2 the one percent (1%) of students with the highest value per mill; and

3 ~~(iv)(c) Divide the value of one (1) mill per~~
4 ~~student in each school district~~ Dividing the median income per mill value as
5 computed under subdivision ~~(1)(A)(i)~~ (1)(A)(iv)(a) of this section by the
6 amount corresponding to the ninety-fifth percentile of the student millage
7 rankings under subdivision ~~(1)(A)(iii)~~ (1)(A)(iv)(b) of this section; and

8 (d) Every school district with a wealth
9 index of one (1.00) or greater will be funded at the same level as the first
10 school district with a wealth index below one (1.00), except that funding
11 under this subdivision (1)(A)(iv)(d) shall not exceed the amount of funding
12 provided to a school district with a wealth index of nine hundred and ninety-
13 five one-thousandths (0.995).

14 (B) For fiscal years 2022-2023, "academic facilities
15 wealth index" means a percentage derived from the following computations:

16 (i) Determine the value of one (1) mill per student
17 in each school district as follows:

18 (a) Multiply the value of one (1) mill by the
19 total assessed valuation of taxable real, personal, and utility property in
20 the school district as shown by the applicable county assessment for the most
21 recent year; and

22 (b) Divide the product from subdivision
23 (1)(B)(i)(a) of this section by the prior year average daily membership of
24 the school district or the prior three-year average of the school district's
25 average daily membership, whichever is greater;

26 (ii) Determine student millage rankings by listing
27 the computation under subdivision (1)(B)(i) of this section for each school
28 district from school districts with the lowest value per mill to school
29 districts with the highest value per mill;

30 (iii) Allocate the student millage rankings into
31 percentiles with the first percentile containing the one percent (1%) of
32 students with the lowest value per mill and the one-hundredth percentile
33 containing the one percent (1%) of students with the highest value per mill;

34 (iv) Divide the value of one (1) mill per student in
35 each school district as computed under subdivision (1)(B)(i) of this section
36 by the amount corresponding to the ninety-fifth percentile of the student

1 millage rankings under subdivision (1)(B)(iii) of this section.

2 (v) Every school district with a wealth index of one
3 (1.00) or greater will be funded at the same level as the first school
4 district with a wealth index below one (1.00), except that funding under this
5 subdivision (1)(B)(v) shall not exceed the amount of funding provided to a
6 school district with a wealth index of nine hundred and ninety-five one-
7 thousandths (0.995).

8 (vi) Subtract the academic facilities wealth index
9 as determined under subdivisions (1)(B)(iv) and (1)(B)(v) of this section
10 from the academic facilities wealth index as determined under subdivision
11 (1)(A)(iv) of this section;

12 (vii) Divide the result from subdivision (1)(B)(vi)
13 of this section by two (2); and

14 (viii) Add the value from subdivision (1)(B)(iv) of
15 this section with the number calculated in subdivision (1)(B)(vii) of this
16 section.

17 ~~(B) Every school district with a wealth index of one~~
18 ~~(1.00) or greater will be funded at the same level as the first school~~
19 ~~district with a wealth index below one (1.00), except that funding under this~~
20 ~~subdivision (1)(B) will not exceed the amount of funding provided for a~~
21 ~~wealth index of nine hundred ninety five thousandths (0.995).~~

22 (C)(i) The percentage derived from the computation under
23 subdivision (1)(A)(iv) of this section is the academic facilities wealth
24 index for a school district, which shall be computed annually and used to
25 determine the amount of the school district's share of financial
26 participation in a local academic facilities project eligible for state
27 financial participation under priorities established by the Division of
28 Public School Academic Facilities and Transportation.

29 (ii) The state's share of financial participation in
30 a local academic facilities project eligible for state financial
31 participation under priorities established by the division is the percentage
32 derived from subtracting the school district's percentage share of financial
33 participation determined under subdivision (1)(C)(i) of this section from one
34 hundred percent (100%)+.

35 (D) A school district identified as a high-growth school
36 district as defined in § 6-20-2511 shall receive the lesser of the wealth

1 index as calculated under the formulas under subdivision (1)(A) and (1)(B) of
2 this section until the school district fails to meet the definition of a
3 high-growth school district as defined in § 6-20-2511 for two (2) consecutive
4 years;

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/s/B. Johnson