

**ARKANSAS DEPARTMENT OF EDUCATION
RULES GOVERNING DECLINING ENROLLMENT AND STUDENT GROWTH FUNDING
FOR PUBLIC SCHOOL DISTRICTS**

Effective ~~January 1, 2019~~ 2022

1.00 AUTHORITY

- 1.01 The State Board of Education promulgates these rules pursuant to Ark. Code Ann. §§ 6-11-105, 6-20-604, 6-20-2203, and 6-20-2301 et seq., and Act ~~741 of 2017~~ 909 of 2021.
- 1.02 These Rules shall be known as the Arkansas Department of Education (ADE) Rules Governing Declining Enrollment and Student Growth Funding for Public School Districts (Rules).

2.00 PURPOSE

- 2.01 The purpose of these Rules is to provide information regarding Declining Enrollment and Student Growth Funding for public school districts.

3.00 DEFINITIONS

- 3.01 Average Daily Membership (ADM) means the total number of days of school attended plus the total number of days absent by students in kindergarten through grade twelve (K-12) during the first three (3) quarters of each school year, divided by the number of school days actually taught in the school district during that period of time, rounded up to the nearest hundredth.
- 3.02 Declining Enrollment Funding means the amount of state financial aid provided to an eligible school district from funds made available for the decline in the ADM of the school district in the preceding school year compared to the school year before the preceding school year.

Excess Net Revenues Plus Calculated Miscellaneous Funds means the amount of net revenues plus calculated miscellaneous funds a school district receives that is greater than the foundation funding amount. Excess net revenues plus calculated miscellaneous funds excludes the amount remitted to the ADE above ninety-eight percent (98%) of assessed value for the uniform rate of tax.

- 3.04 Net Revenues means actual revenues generated from ad valorem taxes and distributed to a school district multiplied by the ratio derived from dividing the uniform rate of tax by the total millage rate of the school district.
- 3.05 Quarterly Average Daily Membership means the ADM for one (1) quarter of a school year used for calculating student growth funding pursuant to Section 5.00 of these Rules.
- ~~3.06 Special Needs Isolated Funding means the amount of funding provided for an eligible school district meeting the criteria established in Ark. Code Ann. § 6-20-604.~~
- 3.07 Student Growth Funding means the amount of state financial aid provided to an eligible school district from funds made available for the growth in the ADM of the school district for each sequential quarter beginning with prior fiscal year quarter four (4) and ending with

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current fiscal year quarter three (3) compared to each corresponding prior fiscal year three-quarter ADM of the school district.

4.00 DECLINING ENROLLMENT FUNDING

- 4.01 Declining enrollment funding is equal to the three-quarter ADM of the prior fiscal year, subtracted from the average of the three-quarter ADM of the prior fiscal year and the ADM of the fiscal year prior to the prior fiscal year, multiplied by the current amount of foundation funding per-student established by the General Assembly.
- ~~4.02 Pursuant to Ark. Code Ann. § 6-20-2305 (a)(3)(A), no school district shall receive both declining enrollment funding and special needs isolated funding under Ark. Code Ann. § 6-20-604.~~
- 4.03~~2~~ Pursuant to Ark. Code Ann. § 6-20-2305 (a)(3)(C), no school district shall receive both declining enrollment funding and student growth funding. These two funding categories are calculated using ADM data from different time periods. Therefore, within one fiscal year, it is possible for a school district:
- 4.03~~2~~.1 To qualify for declining enrollment funding due to a decline in prior fiscal year three-quarter ADM compared to the three-quarter ADM in the fiscal year prior to the prior fiscal year; and
- 4.03~~2~~.2 To qualify for student growth funding due to growth in quarterly ADM beginning with prior fiscal year quarter four (4) and ending with current fiscal year quarter three (3) compared to each corresponding prior fiscal year three-quarter ADM of the school district.
- 4.04~~3~~ The ADE will provide the funding category or categories that yields the most funding to the school district by comparing declining enrollment funding to student growth funding ~~plus special needs isolated funding~~ minus excess net revenues plus calculated miscellaneous funds.
- 4.05~~4~~ Declining enrollment funding is unrestricted funding. However, under Ark. Code Ann. § 6-20-2203, by February 15 of each year for each school district receiving declining enrollment funding, the ADE shall submit to the state board, the Governor, and the Senate and House Education Committees, a report listing the amount of declining enrollment funding received under Ark. Code Ann. § 6-20-2305(a)(3)(A), how the funds were expended, the amount expended, and any other information required. To enable the tracking of expenditures of declining enrollment funding for these required reports, the funds may not be transferred to another fund prior to expenditure, but must be expended directly from the declining enrollment fund.

5.00 STUDENT GROWTH FUNDING

- 5.01 Student growth funding is calculated as the sum of the following amounts:
- 5.01.1 One quarter (1/4) of the current foundation funding amount per-student as established by the General Assembly multiplied by the increase, if any, in the school district's:

- 5.01.1.1 Previous fiscal year fourth quarter ADM over compared to the fiscal year three-quarter ADM in the year prior to the aforementioned fourth quarter ADM;
 - 5.01.1.2 Current fiscal year first quarter ADM compared to the prior fiscal year three-quarter ADM;
 - 5.01.1.3 Current fiscal year second quarter ADM compared to the prior fiscal year three-quarter ADM; and
 - 5.01.1.4 Current fiscal year third quarter ADM compared to the prior fiscal year three-quarter ADM;
 - 5.01.1.5 A final comparison will be made of the ADM from quarters one (1), two (2), and three (3) used in Sections 5.01.1.1, 5.01.1.2, 5.01.1.3, and 5.01.1.4 above. The comparison will check for changes to quarters one (1), two (2), and three (3) ADM from Cycle 6 to Cycle 7 that have an effect on the student growth funding calculation. The comparison will take place after the fiscal year has ended, but any resulting funding adjustments should be coded to the fiscal year just ended.
- 5.02 If a school district's net revenues minus any recoupment to the state above the ninety-eight (98%) URT, plus miscellaneous funds calculated under Ark. Code Ann. § 6-20-2308(b)(1)(A) exceeds the foundation funding amount, a school district shall be eligible to receive the amount of calculated student growth funding that exceeds the net revenues minus any recoupment to the state above the ninety-eight (98%) URT, plus miscellaneous funds calculated under Ark. Code Ann. § 6-20-2308(b)(1)(A).
- 5.03 Increases in ADM resulting solely from consolidation or annexation shall be excluded from the student growth funding calculation.
- 5.04 No school district shall receive both declining enrollment funding and student growth funding.
- 5.05 Student growth funding is provided to eligible school districts and open-enrollment public charter schools to help bridge the gap between the foundation funding amount calculated using prior year three-quarter ADM and any quarterly growth in ADM subsequent to the prior-year three-quarter ADM. Local education agencies that receive the foundation funding amount based on current year three-quarter ADM are ineligible for student growth funding.
- 5.06 Student growth funding is unrestricted funding. However, under Ark. Code Ann. § 6-20-2203, by February 15 of each year for each school district receiving student growth funding, the ADE shall submit to the state board, the Governor, and the Senate and House Education Committees a report listing the amount of student growth funding received under Ark. Code Ann. § 6-20-2305(c)(2), how the funds were expended, the amount expended, and any other information required. To enable the tracking of expenditures of student growth funding for these required reports, the funds may not be transferred to another fund prior to expenditure, but must be expended directly from the student growth fund.

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021

A Bill

SENATE BILL 629

4
5 By: Senator Irvin
6 By: Representative Speaks

For An Act To Be Entitled

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8
9 AN ACT CONCERNING PUBLIC SCHOOL FUNDING; TO ALLOW A
10 SCHOOL DISTRICT THAT HAS EXPERIENCED A DECLINE IN
11 AVERAGE DAILY MEMBERSHIP TO RECEIVE BOTH DECLINING
12 ENROLLMENT FUNDING AND SPECIAL NEEDS ISOLATED
13 FUNDING; AND FOR OTHER PURPOSES.

Subtitle

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17 TO ALLOW A SCHOOL DISTRICT THAT HAS
18 EXPERIENCED A DECLINE IN AVERAGE DAILY
19 MEMBERSHIP TO RECEIVE BOTH DECLINING
20 ENROLLMENT FUNDING AND SPECIAL NEEDS
21 ISOLATED FUNDING.

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23
24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

25
26 SECTION 1. Arkansas Code § 6-20-2305(a)(3)(A), concerning funding for
27 a school district that has experienced a decline in average daily membership,
28 is amended to read as follows:

29 (3)(A) A school district that has experienced a decline in
30 average daily membership over the two (2) immediately preceding school years
31 shall receive:

32 (i) Declining enrollment funding equal to the
33 difference between the average of the two (2) immediately preceding years'
34 average daily memberships and the average daily membership for the previous
35 school year multiplied by the amount of foundation funding set forth in
36 subdivision (a)(2) of this section; ~~or~~ and



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(ii) Special needs isolated funding under § 6-20-

APPROVED: 4/26/21