

**Arkansas Department of Education  
Rules Governing the Calculation Methods for Declining Enrollment and Student Growth Funding  
for Public School Districts**

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

**October 2009** \_\_\_\_\_

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**1.00 Authority AUTHORITY**

- 1.01 The Arkansas State Board of Education's authority for promulgating these Rules is 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 1501 of the 2009 Regular Session.
- 1.02 These Rules rules shall be known as the Arkansas Department of Education (ADE) Rules Governing the Calculation Methods for Declining Enrollment and Student Growth Funding for Public School Districts (Rules).

**2.00 Purpose PURPOSE**

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

**3.00 Definitions 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 grades 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 Current Fiscal Year means the present fiscal year, in progress, beginning on July 1 and ending on the following June 30.
- 3.032 Declining Enrollment Funding means the amount of state financial aid provided to an eligible school district from funds made available for a the decline in the ADM of the school district occurring between the prior fiscal in the preceding school year compared to the school year before the preceding school year and the fiscal year prior to the prior fiscal year.
- 3.03 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 Fiscal Year means the annual school year for Arkansas that consists of the twelve month period beginning July 1 and ending on the following June 30.

- ~~3.05~~ ~~Fiscal Year Prior to the Prior Fiscal Year means the fiscal year preceding the prior fiscal year.~~
- ~~3.06~~ ~~Prior Fiscal Year means the fiscal year immediately preceding the current fiscal year.~~
- ~~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.~~
- ~~3.075~~ ~~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 this Rule these Rules.~~
- ~~3.086~~ ~~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.~~
- ~~3.097~~ ~~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 occurring between for each current fiscal year sequential quarter beginning with prior fiscal year quarter four (4) and ending with current fiscal year quarter three (3) over the compared to each corresponding prior fiscal year three-quarter ADM of the school district.~~

#### **4.00 ~~Declining Enrollment Funding~~ DECLINING ENROLLMENT FUNDING**

- ~~4.01~~ ~~Declining enrollment funding is provided for to an eligible school district that has experienced a decline in ADM in the prior fiscal year compared to the fiscal year prior to the prior fiscal year.~~
- ~~4.021~~ ~~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.~~
- ~~4.032~~ ~~Pursuant to ~~AR~~ Ark. Code Ann. § 6-20-2305 (a)-(3)-(A), no school district shall receive both declining enrollment funding and special needs isolated funding under ~~AR~~ Ark. Code Ann. § 6-20-604.~~
- ~~4.043~~ ~~Pursuant to Ark. Code Ann. § 6-20-2305 (a)(3)(C), no ~~Ne~~ school district shall receive both declining enrollment funding and student growth funding under ~~AR~~ Code Ann. § 6-20-2305. These two funding categories are calculated using ADM data from two different time periods. Therefore, within one fiscal year, it is possible for a school district:~~
- ~~4.043.1~~ ~~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~~
- ~~4.043.2~~ ~~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) occurring between one or more of the current fiscal year quarters over the compared to each corresponding prior fiscal year three-quarter ADM of the school district.~~

- 4.054 The ADE will provide ~~funding of the funding category or categories of funding that yields the most funding to the school district. The ADE will compare by comparing declining enrollment funding to student growth funding plus special needs isolated funding minus excess net revenues plus calculated miscellaneous funds to declining enrollment funding, special needs isolated to declining enrollment funding, or student growth plus special needs isolated funding to declining enrollment funding.~~
- 4.065 Declining enrollment funding is unrestricted funding. However, under AR 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, ADE a report listing the amount of declining enrollment funding received under AR Ark. Code Ann. § 6-20-2305(b)(a)(3)(A), how the funds were expended, the amount expended, and any other information required by the ADE. This report shall be submitted through the Arkansas Public School Computer Network (APSCN) in Cycle 9. 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~~ **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 of per-student ~~foundation~~ 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 over compared to the prior fiscal year three-quarter ADM;
- 5.01.1.23 Current fiscal year second quarter ADM over compared to the prior fiscal year three-quarter ADM; and
- 5.01.1.34 Current fiscal year third quarter ADM over compared to the prior fiscal year three-quarter ADM; and,
- 5.01.1.45 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. Current fiscal year fourth quarter ADM over prior fiscal year three-quarter ADM. 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 ~~By January 31 of each fiscal year, the ADE shall calculate an amount of student growth funding using the current fiscal year quarterly ADM for the first quarter and an estimation of the ADM for the second, third, and fourth quarters. No less than sixty percent (60%) of this amount will be distributed to eligible school districts by January 31.~~
- 5.03 ~~The estimated ADM for quarters two, three, and four will be calculated by multiplying the current fiscal year quarter one ADM by the respective percentage change in prior fiscal year ADM for quarters two, three, and four over prior fiscal year quarter one ADM.~~
- 5.04 ~~By April 30 of each fiscal year, the ADE shall distribute to eligible school districts, forty percent (40%) of the amount calculated above (or the balance if less than 40% remains).~~
- 5.05 ~~By July 31 of each fiscal year, the ADE shall calculate the amount of student growth funding using the actual quarterly ADM for all four (4) quarters of the applicable school year.~~
- 5.06 ~~By August 31 of the fiscal year following the fiscal year in which the estimated student growth funding is received, if the actual amount is:~~
- 5.06.1 ~~More than the estimated amount, the ADE shall distribute the difference to the school district; or~~
- 5.06.2 ~~Less than the estimated amount, the school district shall refund the difference to the ADE.~~
- 5.02 If a school district's net revenues minus any repayment of funds recouped 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 repayment of funds recouped to the state above the ninety-eight (98%) URT, plus miscellaneous funds calculated under Ark. Code Ann. § 6-20-2308(b)(1)(A).
- 5.073 Increases in ADM resulting solely from consolidation or annexation shall be excluded from the student growth funding calculation.
- 5.084 No school district shall receive both declining enrollment funding and student growth funding.
- 5.085 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.
- 5.096 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 91st General Assembly  
3 Regular Session, 2017  
4

As Engrossed: H3/15/17  
**A Bill**

HOUSE BILL 1689

5 By: Representative Cozart  
6

7 **For An Act To Be Entitled**

8 AN ACT TO AMEND PROVISIONS OF THE ARKANSAS CODE  
9 CONCERNING PUBLIC SCHOOL FUNDING AND INDEBTEDNESS; TO  
10 AMEND FUNDING PROVISIONS AND DEFINITIONS FOR PUBLIC  
11 EMPLOYEE HEALTH INSURANCE; TO AMEND PROVISIONS  
12 CONCERNING EDUCATION SERVICE COOPERATIVE FINANCING;  
13 AND FOR OTHER PURPOSES.  
14

15 **Subtitle**

16  
17 TO AMEND PROVISIONS CONCERNING PUBLIC  
18 SCHOOL FUNDING AND INDEBTEDNESS; TO AMEND  
19 FUNDING PROVISIONS CONCERNING PUBLIC  
20 EMPLOYEE HEALTH INSURANCE; AND TO AMEND  
21 PROVISIONS CONCERNING EDUCATION SERVICE  
22 COOPERATIVE FINANCING.  
23

24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code § 6-13-1006(d)(9), concerning the authority  
28 of a board of directors of education services cooperatives, is amended to  
29 read as follows:

30 ~~(9) Renting, leasing, purchasing, constructing, or receiving by~~  
31 ~~gift such~~ For facilities and buildings as may be required to provide  
32 authorized programs and services:

33 (A) Renting, leasing, purchasing, constructing, or  
34 receiving by gift;

35 (B) Borrowing from the revolving loan fund under § 6-20-  
36 818; or



1                                    (C) Borrowing from other sources for limited or unusual  
 2 circumstances upon approval of the Commissioner of Education and Director of  
 3 the Department of Finance and Administration; and  
 4

5            SECTION 2. Arkansas Code § 6-17-1117(a)(3)(B), concerning public  
 6 school employees' health insurance programs, is amended to read as follows:

7                                    (B) As used in this section, "local contribution rate"  
 8 means the minimum contribution amount a school district provides for health  
 9 insurance above the minimum contribution rate required under subdivision  
 10 (a)(1) of this section in addition to the contribution amount a school  
 11 district provides for health insurance above that minimum contribution rate.  
 12

13            SECTION 3. The introductory language of Arkansas Code § 6-17-  
 14 1117(a)(5), concerning public school employees' health insurance programs, is  
 15 amended to read as follows:

16                                    (5) A school district is not required to increase the local  
 17 contribution rate as directed under subdivision (a)(3) of this section if the  
 18 school district:  
 19

20            SECTION 4. Arkansas Code § 6-20-402(d), concerning limitations on  
 21 school district indebtedness, is amended to add an additional subdivision to  
 22 read as follows:

23                                    (6) Upon incurring current indebtedness, the school district  
 24 shall notify the department of the indebtedness, on forms provided by the  
 25 department, showing the:

- 26                                    (A) Payee and any assignee;
- 27                                    (B) School district;
- 28                                    (C) Purpose of the indebtedness;
- 29                                    (D) Maturity date of the indebtedness;
- 30                                    (E) Amount borrowed and interest rate of indebtedness; and
- 31                                    (F) Amortization schedule showing installments, if  
 32 applicable.

33  
 34            SECTION 5. Arkansas Code § 6-20-2202(d)(1)(B)(ii), concerning budget  
 35 and expenditure reports, is amended to read as follows:

36                                    (ii) A final close must be performed in each school

1 district's or open-enrollment public charter school's or education service  
2 cooperative's applicable general ledger database no later than ~~September 30,~~  
3 ~~2007, for the 2006-2007 school year and September 15 for each school year~~  
4 ~~thereafter~~ September 10 of each year.

5  
6 SECTION 6. Arkansas Code § 6-20-2305(a)(1)(B), concerning school  
7 district foundation funding, is amended to read as follows:

8 (B) The Department of Education shall distribute state  
9 foundation funding aid to each school district in ~~eleven (11)~~ twelve (12)  
10 ~~equal~~ monthly payments.

11  
12 SECTION 7. Arkansas Code § 6-20-2305(c)(2), concerning student growth  
13 funding, is amended to read as follows:

14 (2)~~(A)~~ Student growth funding is calculated as the sum of the  
15 following amounts:

16 ~~(i)(A)~~ (i)(A) One quarter ( $\frac{1}{4}$ ) of the per student foundation  
17 funding for the school district under subdivision (a)(2) of this section  
18 multiplied by the increase, if any, of each of the following:

19 ~~(a)(i)~~ (a)(i) The school district's quarterly average daily  
20 membership for the fourth quarter of the previous school year over the  
21 average daily membership of the previous school year;

22 (ii) The school district's quarterly average daily  
23 membership for the first quarter of the current school year over average  
24 daily membership of the previous school year;

25 ~~(b)(iii)~~ (b)(iii) The school district's quarterly average  
26 daily membership for the second quarter of the current year over the average  
27 daily membership of the previous school year; and

28 ~~(e)(iv)~~ (e)(iv) The school district's quarterly average  
29 daily membership for the third quarter of the current school year over the  
30 average daily membership of the previous school year; and

31 ~~(d)~~ (d) ~~The school district's quarterly average~~  
32 ~~daily membership for the fourth quarter of the current school year over the~~  
33 ~~average daily membership of the previous school year; and~~

34 ~~(ii)(B)~~ (ii)(B) Excluding any increase resulting solely from  
35 consolidation or annexation with another school district; and

36 (C) If net revenues minus any recoupment under subdivision



1 (a)(4)(B) of this section plus miscellaneous funds calculated under § 6-20-  
 2 2308(b)(1)(A) exceed the foundation funding amount, a school district shall  
 3 be eligible to receive the amount of calculated student growth funding that  
 4 exceeds net revenues minus any recoupment under subdivision (a)(4)(B) of this  
 5 section plus miscellaneous funds calculated under § 6-20-2308(b)(1)(A).

6 ~~(B) The Department of Education shall:~~

7 ~~(i) By January 31 of each year:~~

8 ~~(a) Calculate an amount of student growth~~  
 9 ~~funding under subdivision (c)(2)(A) of this section using the quarterly~~  
 10 ~~average daily membership for the first quarter and an estimation of the~~  
 11 ~~average daily membership for the second, third, and fourth quarters; and~~

12 ~~(b) Distribute to the school district not less~~  
 13 ~~than sixty percent (60%) of the amount calculated under subdivision~~  
 14 ~~(c)(2)(B)(i)(a) of this section;~~

15 ~~(ii) By April 30 of each year, distribute to the~~  
 16 ~~school district forty percent (40%) of the amount calculated under~~  
 17 ~~subdivision (c)(2)(B)(i)(a) of this section; and~~

18 ~~(iii)(a) By July 31 of each year, calculate the~~  
 19 ~~amount of student growth funding under subdivision (c)(2)(A) of this section~~  
 20 ~~using the actual quarterly average daily membership for all four (4) quarters~~  
 21 ~~of the applicable school year.~~

22 ~~(C) By August 31 of the fiscal year in which the student~~  
 23 ~~growth funding is received, if the amount under subdivision (c)(2)(B)(iii)(a)~~  
 24 ~~of this section is:~~

25 ~~(1) More than the amount under subdivision~~  
 26 ~~(c)(2)(B)(i)(a) of this section, the Department of Education shall~~  
 27 ~~distribute the difference to the school district; or~~

28 ~~(2) Less than the amount under subdivision~~  
 29 ~~(c)(2)(B)(i)(a), the school district shall refund the difference to the~~  
 30 ~~Department of Education.~~

31

32

/s/Cozart

33

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35

APPROVED: 03/29/2017

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