



STUDENT GROWTH AND DECLINING ENROLLMENT 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 open-enrollment charter schools can spend the money however best fits their needs.

Student Growth Funding

Student growth funding began with Act 917 in 1995. It provides additional funding to school districts to handle increasing numbers of students. The funding calculation has changed over time but essentially student growth funding provides districts with the foundation funding rate for each student added in the current school year.

Student growth funding is currently calculated on a quarterly basis. School districts are eligible for growth funding if they have more students in any of the first three quarters of the current year than they had in the previous year and more students in the fourth quarter of the previous year than in the three-quarter ADM two years ago.

In 2018-19, **110 districts received \$20.6 million in student growth funding, and 7 charters received \$3.4 million.**

The following five districts and charters received the most student growth funding in 2018-19:

District/Charter	Student Growth
Bentonville	\$2,235,424
AR Virtual Academy	\$2,038,572
Jonesboro	\$1,722,188
Fayetteville	\$1,683,536
Benton	\$1,597,485

Districts collectively spent \$22.4 million in student growth funding in 2018-19, and charters spent \$4.6 million. Regular instructional programs, operations and maintenance, and student transportation services were the most common student growth expenditures.

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 2018-19, **96 districts received \$11.7 million in declining enrollment funding, and charters received about \$950,000.**

The following five districts received the most declining enrollment funding in 2018-19:

District/Charter	Declining Enrollment
Pine Bluff	\$1,134,461
Little Rock	\$618,325
West Memphis	\$420,286
Dollarway	\$387,941
Texarkana	\$379,194

Districts collectively spent \$11.3 million in declining enrollment funding in 2018-19; charters collectively spent about \$1 million. Similar to student growth funding, the most common declining enrollment expenditures were also for regular instructional program, operations and maintenance, and student transportation services.

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 mostly 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**, 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 Division of Elementary and Secondary Education provides the funding type that offers the most money to the district.