

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995

# A Bill

SENATE BILL 779

4 By: Senators Malone, Hopkins, Bell, Mahony and Hardin

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## For An Act To Be Entitled

8 "AN ACT TO AMEND OR REPEAL VARIOUS SCHOOL FUNDING LAWS OF  
9 ARKANSAS SO AS TO PROVIDE A FUNDING FORMULA THAT WILL  
10 SERVE AS A BRIDGE UNTIL JUNE 30, 1997; AND FOR OTHER  
11 PURPOSES."

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## Subtitle

14 "TO AMEND OR REPEAL VARIOUS SCHOOL  
15 FUNDING LAWS OF ARKANSAS SO AS TO  
16 PROVIDE A FUNDING FORMULA THAT WILL  
17 SERVE AS A BRIDGE UNTIL JUNE 30, 1997."

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

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21 SECTION 1. LEGISLATIVE FINDINGS AND INTENT. The Eightieth General  
22 Assembly hereby recognizes that an emergency exists in the public schools of  
23 Arkansas because of the recent decision of an Arkansas court that the school  
24 funding system is in violation of the Arkansas Constitution. The General  
25 Assembly further recognizes that financial stability in the public school  
26 system is essential in providing a quality education to all students and that  
27 the General Assembly is charged under the Arkansas Constitution with  
28 providing for the support of public education.

29 It is the intention of the General Assembly through this Act to provide  
30 a formula for a fair distribution to the public schools that will bridge the  
31 time between July 1, 1995, and June 30, 1997, to ensure the safety,  
32 stability, and continuity of public education in Arkansas.

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34 SECTION 2. Arkansas Code Annotated § 6-20-302 is hereby amended to  
35 read as follows:

1 "6-20-302. Definitions.

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

3 (1) Average daily membership or ADM means the total number of days  
4 attended plus the total number of days absent by students in grades  
5 kindergarten through twelve (K-12) during the first three (3) quarters of  
6 each school year, divided by the number of school days actually taught in the  
7 district during that period of time.

8 (A) For aid purposes, the average daily membership of growing  
9 school districts shall be the average daily membership of the previous year  
10 plus the total average daily membership increase for the first three (3)  
11 quarters of the current year.

12 (B) The initial aid computation for all districts shall be made  
13 using the average daily membership of the previous year.

14 (C) At the end of the first quarter, an adjustment shall be made  
15 in the aid using the ratio of the previous year's first-quarter average daily  
16 membership to the previous year's three-quarter average average daily  
17 membership to project the three-quarter average average daily membership for  
18 the current year using the first-quarter actual average daily membership of  
19 the current year as follows: Previous year's first-quarter average daily  
20 membership ÷ previous year's three-quarter average average daily membership =  
21 current year's first-quarter actual average daily membership ÷ projected  
22 three-quarter average average daily membership for the current year.

23 (D) The aid will be adjusted only if the projection shows an  
24 increase of one (1) average daily membership or more over the actual  
25 three-quarter average average daily membership of the previous year. For all  
26 school districts that have grown by one (1) average daily membership or more  
27 during the current year, the aid shall be adjusted at the end of the first  
28 three (3) quarters of the year in which the aid is distributed to include the  
29 actual growth of the affected districts for the current year. Such  
30 adjustments shall be determined by recalculating individually the aid due  
31 each affected district and shall be made before the end of the year in which  
32 the aid is distributed. No such adjustment, however, shall result in any  
33 school district's average daily membership for aid purposes in any year being  
34 less than that shown for the district in the first three (3) quarters of the  
35 previous year.

1           (E) For aid purposes, the average daily membership of school  
2 districts that are losing average daily membership shall be the average daily  
3 membership of the previous year or the average of the average daily  
4 membership for the three (3) previous years, i.e., the first three-quarter  
5 average for each of the three (3) years prior to the year in which the aid is  
6 distributed, whichever is larger.

7           (F) As applied to this subchapter, students who may be counted  
8 for average daily membership are:

9           (i) Students who reside within the boundaries of the  
10 school district and are enrolled either within a public school operated by  
11 the district or in a public school operated by another district or a private  
12 school for special education students, with such attendance in both instances  
13 resulting from a written tuition agreement approved by the Department of  
14 Education; and

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

17           (G) For purposes of this subchapter, kindergarten students  
18 enrolled in half-day programs shall be counted as half-time students;

19           (2) Weighted average daily membership means the average daily  
20 membership plus the add-on weights for special education, vocational  
21 education, gifted and talented education, isolation, and consolidation.

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

26	Itinerant	.40
27	Resource Room	.85
28	Self-contained (Ratio of 1-15)	.70
29	Self-contained (Ratio of 1-10)	1.10
30	Self-contained (Ratio of 1-6)	2.00
31	Special school, Day	2.35

32           (B) Vocational programs shall be divided into four (4) groups.  
33 Group 1 shall include career orientation and cooperative programs except  
34 those involving handicapped students. Group 2 shall include coordinated  
35 career education, consumer and homemaking education, and exploratory programs

1 in all occupational areas. Group 3 shall include skill training programs in  
 2 all occupational areas. Group 4 shall include exceptionally high-cost skill  
 3 training programs limited to electronics, welding, machine shop, industrial  
 4 equipment mechanics, and metal trades. Weighting for programs approved by  
 5 the Vocational and Technical Education Division of the Department of  
 6 Education shall be as follows:

	SERVICE HOUR	FULL-TIME EQUIVALENT
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10 Group 1	.067	.40
11 Group 2	.083	.50
12 Group 3	.100	.60
13 Group 4	.150	.90

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 15 (C) When a home district sends students to an approved  
 16 vocational center, funds shall be transmitted by the home district to the  
 17 vocational center during the year instruction is provided on the same  
 18 schedule through which the home district receives its Minimum Foundation  
 19 Program Aid from the Department of Education or on some alternate schedule  
 20 approved by the Vocational and Technical Education Division. For school years  
 21 after 1986-87, the tuition shall be determined by the State Board of  
 22 Vocational Education after an analysis of the impact of charging tuition on  
 23 vocational centers' enrollments. Each school district participating in a  
 24 vocational center shall submit to the Vocational and Technical Education  
 25 Division by April 10 of each year the number of students enrolled in the  
 26 current school year. The Vocational and Technical Education Division shall  
 27 use current enrollments to determine the number of add-ons to be certified,  
 28 by April 25 of each year, to the General Education Division which is used for  
 29 the computation of state aid.

(D) School districts which  
 30 operate, either individually or as a part of a cooperative of districts, an  
 31 approved educational program for gifted and talented students shall receive  
 32 funds for the operation of the program based on an add-on weight of  
 33 twenty-five hundredths (.25) for each of its students identified as being  
 34 gifted or talented under guidelines and criteria approved by the State Board  
 35 of Education, up to a number equal to five percent (5%) of its average daily

1 membership for the previous year;

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

4 (4) Assessed valuation means the total valuation for tax purposes of  
5 the real, personal, and utility and carrier property, including mineral  
6 leases, as certified by the county clerk or the county board of education to  
7 the Department of Education;

8 (5) Total local resources means the sum of the charges levied  
9 against each school district's assessed valuation, seventy-five percent (75%)  
10 of its miscellaneous funds, and the sum of the previous fiscal year's local  
11 sales and use taxes collected and distributed to a school district pursuant  
12 to § 26-73-114;

13 (6) Net local resources means the total local resources minus the  
14 master's degree credit allowance;

15 (7) Credit allowance means an allowance toward each school  
16 district's local charge made for all certified personnel holding a master's  
17 or higher degree, excluding those occupying supervisory or administrative  
18 positions. Only those personnel paid from a combination of state and local  
19 funds may be counted for this purpose, except that an employee who divides  
20 his or her time between federally funded and regular programs may be counted  
21 for the proportional time that is devoted to regular programs. The credit  
22 allowance per unit shall be an amount equal to one thousand two hundred  
23 dollars (\$1,200) minus each district's local resource rate per weighted  
24 average daily membership. The actual credit allowance shall then be that  
25 difference multiplied by the district's number of qualifying personnel;

26 (8) Adjusted local resource rate per weighted average daily  
27 membership means the net local resources of a school district divided by the  
28 weighted average daily membership for the previous year of the respective  
29 school district;

30 (9) Local resource rate per weighted average daily membership means  
31 each school district's total local resources divided by the district's  
32 weighted average daily membership of the previous year;

33 (10) State base equalization rate per weighted average daily  
34 membership means an amount determined when the sum of the net local  
35 resources of all districts in the state and the total state aid available for

1 distribution is divided by the state's total weighted average daily  
2 membership of the previous year. In making this computation, the net local  
3 resources and the weighted average daily membership of the districts whose  
4 adjusted local resource rate per weighted average daily membership are above  
5 the state base equalization rate per weighted average daily membership shall  
6 be removed prior to the final computation;

7       (11)(A) Miscellaneous funds charge means the charge of seventy-five  
8 percent (75%) of the funds received by the district during the current year  
9 which are classified as miscellaneous. Such funds shall include those  
10 received from federal forest reserves, federal grazing rights, federal  
11 mineral rights, federal flood control, wildlife refuge funds, funds received  
12 by the district in lieu of taxes, and severance taxes.

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

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

21       (ii) Upon determination of total miscellaneous funds for  
22 the current year, the Department of Education shall immediately determine  
23 whether any school districts have experienced an increase or a decrease in  
24 Minimum Foundation Program Aid as a result of the miscellaneous funds charge  
25 being computed as set forth in subdivision (11)(B)(i) of this section.  
26 Adjustments for increases and decreases shall be made in the distribution of  
27 Minimum Foundation Program Aid for those districts. The Department of  
28 Education shall withhold sufficient funds to make those adjustments;

29       (12) State aid table rate per weighted average daily membership  
30 means the difference between the state base equalization rate and the  
31 adjusted local resource rate per weighted average daily membership; and

32       (13)(A) Local sales and use tax means any local sales and use tax  
33 adopted pursuant to § 26-74-201 et seq., § 26-74-301 et seq., § 26-75-201 et  
34 seq., § 26-75-301 et seq., and § 14-164-301 et seq., or any other local sales  
35 and use tax administered in the same manner as the state sales and use tax.

1           (B)(i) Upon determination of the total collected sales and use  
2 taxes for the current year, the Department of Education shall make a current  
3 year adjustment in state aid.

4           (ii) Adjustments for increases and decreases shall be made  
5 in the distribution of Minimum Foundation Program Aid for those districts.

6           (iii) The Department of Education shall withhold  
7 sufficient funds to make those adjustments."

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9           SECTION 3. Arkansas Code Annotated § 6-20-413 is hereby repealed.

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11           SECTION 4. The provisions of this act shall expire on June 30, 1997.

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13           SECTION 5. All provisions of this act of a general and permanent  
14 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
15 Code Revision Commission shall incorporate the same in the Code.

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17           SECTION 6. If any provision of this act or the application thereof to  
18 any person or circumstance is held invalid, such invalidity shall not affect  
19 other provisions or applications of the act which can be given effect without  
20 the invalid provision or application, and to this end the provisions of this  
21 act are declared to be severable.

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23           SECTION 7. All laws and parts of laws in conflict with this act are  
24 hereby repealed.

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