

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997

# A Bill

HOUSE BILL 2058

4  
5 By: Representative Wilson  
6 By: Senator Lewellen

## For An Act To Be Entitled

"THE EQUITABLE SCHOOL FINANCE ACT OF 1997."

### Subtitle

"THE EQUITABLE SCHOOL FINANCE ACT OF  
1997."

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

#### SECTION 1. TITLE.

This act shall be known and may be cited as "The Equitable School  
Finance Act of 1997."

#### SECTION 2. DEFINITIONS.

As used in this act:

(1) "Average daily membership" (ADM) means the total number of days  
attended plus the total number of days absent by students in kindergarten  
through grade twelve (K-12) each school day during the first three quarters of  
each school year, divided by the number of actual school days taught during  
that period of time. Students that may be counted for average daily  
membership are:

(A) Students who reside within the boundaries of the school  
district and are enrolled either within a public school operated by the  
district or a private school for special education students with such  
attendance in both instances resulting from a written tuition agreement  
approved by the State Department of Education; and

(B) Legally transferred students residing outside the district but  
are attending a public school in the district.

1           (2) "Weighted average daily membership" (WADM) means the average daily  
2 membership plus add-on weights as follows:

3           (A) Students in the following grade levels shall receive  
4 additional add-on weights in the following amounts:

	<u>Grade</u>	<u>Weight</u>
5		
6	<u>K</u>	<u>0.3</u>
7	<u>1</u>	<u>0.3</u>
8	<u>2</u>	<u>0.3</u>
9	<u>3</u>	<u>0.3</u>
10	<u>9</u>	<u>0.2</u>
11	<u>10</u>	<u>0.2</u>
12	<u>11</u>	<u>0.2</u>
13	<u>12</u>	<u>0.2</u>

14           (B) Students evaluated as special education students in  
15 accordance with regulations promulgated by the State Department of Education  
16 shall be given add-on weights in the following amounts for each type of  
17 setting in which services are received:

18	<u>Itinerant . . . . .</u>	<u>0.40</u>
19	<u>Resource Room . . . . .</u>	<u>0.85</u>
20	<u>Self Contained (Ratio 1-15) . . . . .</u>	<u>0.70</u>
21	<u>Self Contained (Ratio 1-10) . . . . .</u>	<u>1.10</u>
22	<u>Special School, Day . . . . .</u>	<u>2.35</u>
23	<u>Special School, Residential . . . . .</u>	<u>3.10</u>

24           (C)(i) Vocational programs shall be divided into three (3)  
25 groups. Group 1 shall include career orientation and cooperative programs  
26 except those involving handicapped students. Group 2 shall include  
27 coordinated career education, consumer and homemaking education and  
28 exploratory programs in all occupational areas. Group 3 shall include skill  
29 training programs in all occupational areas. Weighting for programs approved  
30 by the Vocational and Technical Education Division shall be as follows:

	<u>Service Hour</u>	<u>Full Time Equivalent</u>
31		
32	<u>Group 1: .067</u>	<u>0.40</u>
33	<u>Group 2: .083</u>	<u>0.50</u>
34	<u>Group 3: .100</u>	<u>0.60</u>

35           (ii) There shall be no add-on weighting for students  
36 enrolled in area secondary vocational schools.

1           (D) School districts with less than three hundred sixty (360)  
 2 students in average daily membership the previous year shall be given add-on  
 3 weights based on the following formula with the ADM being that of the previous  
 4 year:

$$\frac{\text{ADM}(360-\text{ADM})}{600} = \text{Add-On Weight for the District}$$

7           (E) School districts which operate, either individually or as  
 8 part of a cooperative of districts, an approved educational program for gifted  
 9 and talented students shall receive funds for the operation of such program  
 10 based on an add-on weight of 0.25 for each of its students approved by the  
 11 State Board of Education. The number of gifted and talented students for  
 12 which add-on weights are granted shall not exceed five percent (5%) of the  
 13 district's average daily membership for the previous year.

14           (F) Add-on weights for districts determined to be isolated by the  
 15 State Board of Education shall be calculated as follows with the ADM being  
 16 that of the previous year:

$$\frac{\text{ADM}(350-\text{ADM})}{850} = \text{Add-on Weight for the district.}$$

19           (G) Bilingual Education/Limited English Proficiency. Students  
 20 identified as having limited English proficiency and in need of and receiving  
 21 bilingual education will receive the add-on weight of 0.2.

22           (H) Students in approved programs of alternative education will  
 23 receive the add-on weight of 0.1.

24           (I) Students in summer school will receive the add-on weight of  
 25 0.4. This will be based on the WADM of the previous summer.

26           (3) "Previous year" means the school year immediately preceding the  
 27 school year in which funds authorized by this act are allocated.

28           (4) "Assessed valuation" means the total valuation for tax purposes of  
 29 the real, personal, and utility and carrier property including mineral leases  
 30 as certified by the county clerk or the county board of education to the State  
 31 Department of Education.

32           (5) "Local tax effort" means the uniform rate of tax of twenty-five  
 33 (25) mills established by Amendment 74 to the Arkansas Constitution on the  
 34 assessed valuation for maintenance and operation of schools; however, a local  
 35 charge of thirty (30) mills on the assessed valuation shall be used in the  
 36 calculation of state aid.

1           (A)(i) The board of directors of each local school district is  
 2 authorized, upon approval of a majority of the qualified voters in the school  
 3 district voting in the annual school election, to levy and collect a tax not  
 4 to exceed five percent (5%) of a school district's current expenses or three  
 5 (3) mills, whichever is less, upon real and personal property for dedicated  
 6 maintenance and operation expenditures of the local school district.

7           (ii) The dedicated maintenance and operation tax shall be  
 8 assessed, levied and collected as provided by law for other school taxes.

9           (B) Any funds received from the collection of a dedicated  
 10 maintenance and operation tax shall only be used for the following purposes:

11           (i) Purchase of school buses;

12           (ii) Purchase of furniture or equipment to support the  
 13 instructional program;

14           (iii) Purchase of computer software;

15           (iv) Renovation or repair of existing facilities; or

16           (v) Repaying revolving loans for any of the purposes  
 17 previously listed.

18           (C) A local school district which levied a capital outlay/current  
 19 expenditure tax prior to the enactment of this section is authorized to  
 20 continue such levies for the terms and purposes approved by the majority of  
 21 the voters at the time of their adoption.

22           (6) "Incentive millage" means that added maintenance and operational  
 23 millage that a district may levy not to exceed three (3) mills or one hundred  
 24 twenty-five percent (125%) of the state guarantee per WADM, whichever is  
 25 greater.

26           (7) "State guarantee rate per WADM" means two thousand six hundred  
 27 dollars (\$2,600) per weighted average daily membership in the 1997-98 school  
 28 year to be increased by one hundred dollars (\$100) per weighted average daily  
 29 membership each year thereafter.

30           (8) "Miscellaneous funds" means funds received by school districts from  
 31 federal forest reserves, grazing and mineral rights, flood control, wildlife  
 32 refuge, severance taxes and in lieu of tax funds.

33           (9) "Local contribution" means local tax effort times nine-tenths (.90)  
 34 plus miscellaneous funds received in the year.

35           (10) "Local contribution per student" means local contribution divided  
 36 by the previous year's WADM.

1

2       SECTION 3. Calculation of State Aid on Local Contributions.

3       (a) The local charge to the school finance program for maintenance and  
4 operation shall be thirty (30) mills on the assessed valuation of all property  
5 in the district. This yield will be calculated based upon a ninety percent  
6 (90%) collection rate. To this will be added the miscellaneous funds  
7 collected in the previous year.

8       (b) Each WADM will be supported at the state guarantee rate.

9       (c) The WADM multiplied by the state guarantee rate will have the local  
10 contribution subtracted from that amount. The remainder will be state aid.

11       (d) Any district where contribution is higher than the state guarantee  
12 rate will contribute the overage to the state, which may then spend it  
13 elsewhere.

14

15       SECTION 4. Adjustments to the State Guarantee.

16       (a) Growth. If the WADM of the district shows an increase over the  
17 preceding year by the end of the first quarter, then, by December 1, the  
18 district will be credited with a weight of six tenths (0.6) per added WADM.

19       (b) Loss. If the WADM of the district shows a loss from one year to  
20 another, the district will secure a weight of five tenths (0.5) per lost WADM.

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22       SECTION 5. Categorical Funds.

23       (a) Funds for transportation, the state's contribution to teacher  
24 retirement, the state's contribution to school employees health insurance,  
25 textbooks, and teacher education are to be covered by payments made by the  
26 State Department of Education and distributed to districts only as needed or  
27 qualified for.

28       (b) Debt service funding supplement, or the state financial aid  
29 provided qualifying local school districts for the purpose of reducing  
30 existing debt service burdens and increasing the amount of local revenue  
31 available for maintenance and operations expenditures, shall be calculated as  
32 follows: For each mill required to meet the annual debt service expenditure  
33 obligation, the local school district may be provided up to fifteen dollars  
34 (\$15.00) per WADM times the difference of one (1) minus the ratio of the  
35 district's local contribution per WADM and state guarantee rate per WADM.  
36 Beginning with the 1998-99 school year, the funding per WADM may be increased

1 by one dollar (\$1.00) each year.

2 (c) General facility funding, or the state financial aid provided to  
 3 each local school district from funds made available for that purpose based on  
 4 a facilities needs assessment justification approved by the State Department  
 5 of Education, shall be calculated as follows: The local school district may  
 6 be provided up to thirty-five dollars (\$35.00) multiplied by the local school  
 7 district's WADM for the previous year multiplied by the difference of one (1)  
 8 minus the ratio of local contribution per WADM and the state guarantee rate  
 9 per WADM.

10 (d) If the enactment of the School Finance Act of 1997 creates an  
 11 unanticipated adverse impact or an unexpected fiscal crisis for any local  
 12 school district, the local school district may appeal to the State Board of  
 13 Education, and the State Board of Education may award the local school  
 14 district financial relief from available funds provided for this purpose.

15 (e) Monies provided by the debt service funding supplement and general  
 16 facilities funding may be expended by local school districts on bond interest  
 17 and repayment, bank loans, loans from the Revolving Loan Fund and postdated  
 18 warrants.

19 (f) Teacher salary levels will continue the required growth began in  
 20 1995-96. Starting in 1997-98, for each classroom teacher, depending on years  
 21 of experience and level of educational degree, a weight will be added as  
 22 follows:

<u>Years Experience</u>	<u>BA Degree Weight</u>	<u>MA Degree Weight</u>
<u>0</u>	<u>8.00</u>	<u>9.20</u>
<u>1</u>	<u>8.16</u>	<u>9.36</u>
<u>2</u>	<u>8.31</u>	<u>9.52</u>
<u>3</u>	<u>8.48</u>	<u>9.66</u>
<u>4</u>	<u>8.64</u>	<u>9.84</u>
<u>5</u>	<u>8.80</u>	<u>10.00</u>
<u>6</u>	<u>8.96</u>	<u>10.16</u>
<u>7</u>	<u>9.12</u>	<u>10.32</u>
<u>8</u>	<u>9.28</u>	<u>10.48</u>
<u>9</u>	<u>9.44</u>	<u>10.64</u>
<u>10</u>	<u>9.60</u>	<u>10.80</u>
<u>11</u>	<u>9.76</u>	<u>10.96</u>

1	<u>12</u>	<u>9.92</u>	<u>11.12</u>
2	<u>13</u>	<u>10.08</u>	<u>11.28</u>
3	<u>14 or more</u>	<u>10.24</u>	<u>12.00</u>

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5 SECTION 6. Pupil Transportation.

6 (a) To provide for the cost of student transportation, the following  
 7 formula will be used: Daily mileage of the previous year is multiplied by  
 8 average number transported for the previous year. This yields total pupil  
 9 miles. Total pupil miles are assigned units according to the following  
 10 schedule:

11	<u>Millage</u>	<u>Units per Pupil Mile</u>
12	<u>100,000,000 or higher</u>	<u>.100</u>
13	<u>10,000,000 to 100,000,000</u>	<u>.167</u>
14	<u>5,000,000 to 10,000,000</u>	<u>.300</u>
15	<u>3,000,000 to 5,000,000</u>	<u>.400</u>
16	<u>1,000,000 to 3,000,000</u>	<u>.800</u>
17	<u>900,000 to 1,000,000</u>	<u>.833</u>
18	<u>800,000 to 900,000</u>	<u>.867</u>
19	<u>700,000 to 800,000</u>	<u>.900</u>
20	<u>600,000 to 700,000</u>	<u>.933</u>
21	<u>500,000 to 600,000</u>	<u>1.000</u>
22	<u>400,000 to 500,000</u>	<u>1.333</u>
23	<u>300,000 to 400,000</u>	<u>1.667</u>
24	<u>200,000 to 300,000</u>	<u>2.000</u>
25	<u>100,000 to 200,000</u>	<u>2.333</u>
26	<u>50,000 to 100,000</u>	<u>3.330</u>
27	<u>25,000 to 50,000</u>	<u>6.000</u>
28	<u>0 to 25,000</u>	<u>6.333</u>

29 The pupil mileage is then multiplied by the assigned units resulting in  
 30 weighted pupil miles. Weighted pupil miles are then multiplied by four cents  
 31 (\$0.04). This yields net transportation aid.

32 (b) Transportation aid funds will be earmarked for transportation alone  
 33 and must be so spent.

34 (c) Districts not spending or saving for a period of years an amount of  
 35 money equal to half of their yearly net transportation aid will have their aid  
 36 cut in half during the succeeding school year or until the surplus is spent.

1        (d) The value of a unit will be recalculated biennially by the State  
2 Department of Education on the basis of actual current cost. Projections for  
3 the second year of the biennium will be made at that time.

4        (e) A ten percent (10%) increase over the net transportation aid will  
5 be added to districts which traverse over forty percent (40%) of their mileage  
6 over unpaved roads.

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8        SECTION 7. All provisions of this act of a general and permanent nature  
9 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
10 Revision Commission shall incorporate the same in the Code.

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12        SECTION 8. If any provision of this act or the application thereof to  
13 any person or circumstance is held invalid, such invalidity shall not affect  
14 other provisions or applications of the act which can be given effect without  
15 the invalid provision or application, and to this end the provisions of this  
16 act are declared to be severable.

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18        SECTION 9. All laws and parts of laws in conflict with this act are  
19 hereby repealed.

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