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2 88th General Assembly
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4

As Engrossed: S3/1/11
A Bill

SENATE BILL 353

5 By: Senator M. Lamoureux
6

For An Act To Be Entitled

8 AN ACT TO CLARIFY FUNDING FOR ISOLATED SCHOOL
9 DISTRICTS; AND FOR OTHER PURPOSES.

Subtitle

10 TO CLARIFY FUNDING FOR ISOLATED SCHOOL
11 DISTRICTS.
12

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
14
15

16
17 SECTION 1. Arkansas Code § 6-20-601(b) – (e), concerning qualifications
18 for receiving isolated funding, is amended as follows:

19 (b) An isolated school district shall be eligible to receive isolated
20 funding under this section if:

21 (1) The school district's budget is prepared by the ~~local~~ school
22 district with Department of Education approval;

23 (2) The school district has ~~an~~ a prior-year three-quarter
24 average daily membership of less than three hundred fifty (350); and

25 (3) The school district and each school within the school
26 district meets the minimum standards for accreditation of public schools
27 prescribed by law and regulation.
28

29 (c) Any school district designated as an isolated school district for
30 the 1996-1997 fiscal year that used geographic barriers as one (1) of the
31 four (4) criteria necessary to receive isolated funding shall be allowed to
32 continue to use geographic barriers as a criterion for future allocations of
33 isolated funding.
34

35 (d)(1) State financial aid in the form of isolated funding shall be
36 provided to ~~local~~ school districts qualifying under this section ~~and shall be~~



1 ~~calculated as follows:~~

2 ~~(350 Previous year's average daily membership) divided by eight~~
 3 ~~hundred fifty (850) times the previous year's average daily membership times~~
 4 ~~the base local revenue per student.~~

5 (2) There ~~shall be~~ are two (2) categories of isolated funding:

6 (A) Category I isolated funding shall be provided to all
 7 school districts that qualify under this section and shall be calculated as:

8 (i) Three hundred fifty (350) minus the prior-year
 9 three-quarter average daily membership; divided by

10 (ii) Eight hundred fifty (850); multiplied by

11 (iii) The prior-year three-quarter average daily
 12 membership; and multiplied by

13 (iv) The per-student foundation funding amount under
 14 § 6-20-2305(a)(2); and

15 (B) Category II isolated funding shall be ~~further~~
 16 additionally provided to those school districts that qualify under this
 17 section and have ~~an~~ a prior-year three-quarter average daily membership
 18 density ratio of less than one and two-tenths (1.2) students per square mile
 19 and shall be calculated at fifty percent (50%) of Category I funding.

20 ~~(3)(A) Those school districts that qualify under this section~~
 21 ~~and~~ An isolated school district whose local revenue per student exceeds the
 22 ~~base local revenue per student~~ per-student revenue exceeds the per-student
 23 foundation funding amount shall receive isolated funding calculated as
 24 follows:

25 (i) The sum of ~~(Category I plus Category II);~~ minus
 26 ~~(base local revenue per student minus local revenue per student) times the~~
 27 ~~previous year's~~

28 (ii) The per-student foundation funding amount;
 29 minus

30 (iii) The school district's per-student revenue; and
 31 multiplied by

32 (iv) The prior-year three-quarter average daily
 33 membership.

34 (B) As used in this subdivision (d)(3), "revenue" has the
 35 same meaning as defined in § 6-20-2303.

36 ~~(4) In the event that the statewide amount for isolated funding~~

1 ~~calculated pursuant to this section is less than the amount appropriated for~~
 2 ~~isolated funding, the State Board of Education may include a funding factor~~
 3 ~~in the calculation in § 6-20-303(14)(A) [repealed] in order to expend up to~~
 4 ~~the appropriated amount.~~

5 (e)(1) Except as provided under subdivision (e)(2) of this section, No
 6 a school district that may qualify qualifies under other law § 6-20-603 to
 7 receive additional state aid because its prior-year three-quarter average
 8 daily membership is less than three hundred fifty (350) shall be is not
 9 eligible to receive funding under this section except that a district
 10 qualifying under other law for such aid and qualifying for funds under this
 11 section may elect to receive funds under this section in lieu of aid under
 12 the other.

13 (2) A school district may elect to receive funding under this
 14 section in lieu of funding under § 6-20-603 if the school district qualifies
 15 for funding under § 6-20-603 and for funding under this section.

16
 17 SECTION 2. Arkansas Code § 6-20-602(b)(2)(D), concerning isolated
 18 schools funding, is amended to read as follows:

19 (D)(i) Except under subdivision (b)(2)(D)(ii) of this
 20 section, The the state board is not authorized to shall not require the
 21 closure of all or part of an isolated school ~~or any parts thereof~~ without a
 22 motion from the local board of directors as required under subdivision
 23 (b)(2)(A) of this section.

24 (ii) The state board may order the closure of all or
 25 part of an isolated school on its own motion when the state board deems it
 26 necessary to enforce sanctions related to academic distress, fiscal distress,
 27 academic facilities distress, or a violation of the Standards for
 28 Accreditation of Public Schools and School Districts.

29
 30 SECTION 3. Arkansas Code § 6-20-602, concerning isolated schools
 31 funding, is amended to add an additional subsection to read as follows:

32 (d) A decision of the state board under this section is final with no
 33 further right of appeal under the Arkansas Administrative Procedure Act, §
 34 25-15-201 et seq.

35
 36 SECTION 4. Arkansas Code §6-20-603(b) – (i), concerning continued

1 support of isolated school districts, is amended to read as follows:

2 (b) Each school year, state financial aid in the form of isolated
3 funding shall be provided to school districts containing an isolated school
4 area in an amount equal to the ~~prior-year's~~ prior-year three-quarter average
5 daily membership of the isolated school area multiplied by the per student
6 isolated funding amount for the isolated school areas as set forth under
7 column "C" of subsection (a) of this section.

8 (c) A school district may not receive isolated funding under this
9 section for an isolated school area if the ~~prior-year's~~ prior-year three-
10 quarter average daily membership of the isolated school area exceeds three
11 hundred fifty (350).

12 (d) A school district receiving isolated funding for an isolated
13 school area shall expend the funds solely for the operation, maintenance, and
14 support of the isolated school area.

15 ~~(e)(1) Except as provided under subdivision (e)(2) of this section, A~~
16 ~~a school district or isolated school area that may qualify~~ qualifies under
17 ~~other law § 6-20-601~~ to receive additional state aid because its prior-year
18 three-quarter average daily membership is less than three hundred fifty (350)
19 ~~shall not be~~ is not eligible to receive funding under this section ~~except~~
20 ~~that a district qualifying under other law for such aid and qualifying for~~
21 ~~funds under this section may elect to receive funds under this section in~~
22 ~~lieu of aid under the other law.~~

23 (2) A school district may elect to receive funding under this
24 section in lieu of funding under § 6-20-601 if the school district qualifies
25 for funding under § 6-20-601 and for funding under this section.

26 (f) For the purposes of this section, school districts with isolated
27 school areas shall account for the average daily membership of all schools
28 located in the isolated school ~~area~~ areas as required by the Department of
29 Education and shall submit reports as required by the department.

30 (g) The department shall distribute isolated funding under this
31 section in two (2) payments per school year.

32 (h) This section does not determine a school district's qualification
33 as an isolated school district under § 6-20-601 as required to prohibit the
34 closing of an isolated school in § 6-20-602.

35 ~~(i)(1)(A) Except as provided under § 6-20-604(g), a school district~~
36 ~~eligible to receive isolated funding under this section shall continue to~~

1 ~~receive partial funding even if all or part of an isolated school is closed.~~

2 ~~(2) If all or part of an isolated school area in a school~~
 3 ~~district is closed, the school district shall receive funding based on the~~
 4 ~~prior-year's prior-year three-quarter average daily membership of the~~
 5 ~~isolated school area or the part of the isolated school that remains open.~~

6 (B) If part of an isolated school area in a school
 7 district is closed, the school district funding is based on the prior-year
 8 three-quarter average daily membership of the part of the isolated school
 9 area that remains open.

10 (C) Funding received by a school district under this
 11 subsection (i) is restricted for use at the closed isolated school area or
 12 for transporting students of the closed isolated school area to another
 13 school in the district.

14 (2) If a closed isolated school area is subsequently used by the
 15 school district for an alternative learning environment program or other
 16 regular classroom teaching, the school district using the now closed isolated
 17 school area may submit prior-year three-quarter average daily membership to
 18 the state to request funding under this section.

19
 20 SECTION 5. Arkansas Code § 6-20-604 is amended to read as follows:

21 6-20-604. Additional funding.

22 (a) The General Assembly finds that school districts that contain
 23 isolated schools need additional funding to provide an adequate education for
 24 students attending schools in those school districts.

25 (b) A school district shall receive special needs funding under
 26 subsections (c), (d), or (e) of this section if the school district meets the
 27 requirements of ~~subsections (e) (f)~~ subsections (c), (d), or (e),
 28 respectively, of this section, and if:

29 (1) The school district was consolidated or annexed or received
 30 an annexed school under § 6-13-1601 et seq.;

31 (2) The local school board of directors by majority vote
 32 determines that the isolated school is so isolated that to combine its
 33 operation to one (1) school district campus would be impractical or unwise;
 34 and

35 (3) The isolated school or school district:

36 (A) ~~Filed~~ Meets the requirements of § 6-20-601 and filed

1 an affidavit of isolated school status with the State Board of Education
2 during the consolidation or annexation process, and the facts of the
3 affidavit are verified by the state board or its designee ~~to meet the~~
4 ~~requirements of § 6-20-601;~~

5 (B) ~~Filed~~ Meets the requirements of § 6-20-601 and filed
6 an affidavit of isolated school status with the state board after the
7 consolidation or annexation process or with regard to the 2006-2007 school
8 year no later than June 1, 2006, and the facts of the affidavit are verified
9 by the state board or its designee ~~to meet the requirements of § 6-20-601;~~ or

10 (C) ~~Filed~~ Meets the requirements of § 6-20-601 but for the
11 prior-year three-quarter average daily membership requirement of three
12 hundred fifty (350) students or fewer and filed an affidavit of isolated
13 school status with the state board after the consolidation or annexation
14 process or with regard to the 2006-2007 school year no later than June 1,
15 2006, and the facts of the affidavit are verified by the state board or its
16 designee ~~to meet the requirements of § 6-20-601 but for the average daily~~
17 ~~membership requirements of three hundred fifty (350) students or fewer.~~

18 (c) A school district meeting the requirements of subsection (b) of
19 this section shall receive an additional amount equal to twenty percent (20%)
20 of the per-student foundation funding amount received by the school district
21 under § 6-20-2305(a)(2) multiplied by the prior-year three-quarter average
22 daily membership for the school district to be used for the operation of the
23 isolated school areas if the school district has:

24 (1) School facilities serving students in any grade in
25 kindergarten through grade twelve (K-12), in one (1) or more isolated schools
26 meeting the requirements of subsection (b) of this section;

27 (2) A prior-year three-quarter average daily membership for the
28 school district of five hundred (500) or less ~~in the preceding school year;~~
29 and

30 (3) A density ratio of one and three-tenths (1.3) students or
31 less per square mile.

32 (d) A school district meeting the requirements of subsection (b) of
33 this section shall receive an additional amount equal to fifteen percent
34 (15%) of the per-student foundation funding amount received by the school
35 district under § 6-20-2305(a)(2) multiplied by the prior-year three-quarter
36 average daily membership for the school district to be used for the operation

1 of the isolated school areas if the school district has:

2 (1) School facilities open for kindergarten through grade twelve
3 (K-12) in two (2) or more isolated schools meeting the requirements of
4 subsection (b) of this section and meeting the requirements of § 6-20-601 and
5 if both isolated schools were annexed under § 6-13-1601 et seq.;

6 (2) A prior-year three-quarter average daily membership for the
7 school district of five hundred one (501) to one thousand (1,000) ~~in the~~
8 ~~preceding school year~~; and

9 (3) A density ratio of one and four-tenths (1.4) students or
10 less per square mile.

11 (e)(1) Except as provided in subdivision (e)(2) of this section, a
12 school district meeting the requirements of subsection (b) of this section
13 shall receive an additional amount equal to ten percent (10%) of the per-
14 student foundation funding amount received by the school district under § 6-
15 20-2305(a)(2) ~~based on the~~ multiplied by the prior-year three-quarter average
16 daily membership of the isolated school area ~~under § 6-20-2305(a)(2)~~ to be
17 used for the operation of the isolated school area if the school district has
18 school facilities open for kindergarten through grade twelve (K-12) in one
19 (1) or more isolated ~~schools~~ school areas meeting the requirements of
20 subsection (b) of this section.

21 (2) A school district shall receive an additional amount equal
22 to ten percent (10%) of the per-student foundation funding amount received by
23 ~~the school district~~ under § 6-20-2305(a)(2) ~~based on the~~ multiplied by the
24 prior-year three-quarter average daily membership of the isolated school area
25 to be used for the operation of the isolated school area ~~under § 6-20-~~
26 ~~2305(a)(2)~~ if:

27 (A) The school district has school facilities serving
28 students in any grade in kindergarten through grade twelve (K-12) in one (1)
29 or more isolated ~~schools~~ school areas meeting the requirements of subsection
30 (b) of this section; and

31 (B) The school district closed an isolated facility
32 serving students in grades seven through twelve (7-12) between January 1,
33 2008, and July 1, 2008.

34 (f) A school district shall receive an additional amount equal to five
35 percent (5%) of the per-student foundation funding amount received by the
36 ~~school district~~ under § 6-20-2305(a)(2) ~~based on the~~ multiplied by the prior-

1 year three-quarter average daily membership of the school district if the
2 school district has a:

3 (1) ~~Three-quarter~~ Prior-year three-quarter average daily
4 membership of less than five hundred (500) students; and

5 (2) Density ratio of two (2) students or less per square mile.

6 (g) A school district eligible for special needs funding under this
7 section shall continue to be eligible to receive isolated school funding
8 provided under § 6-20-603 but shall only receive funding under one (1) of the
9 categories established under subsections (c)-(f) of this section.

10 (h)(1) This section is contingent on the appropriation and
11 availability of funding for its purposes.

12 (2)(A) Undistributed funds under this section and §§ 6-20-601
13 and 6-20-603 ~~allocated to a school district that is no longer eligible to~~
14 ~~receive the funding~~ shall be distributed on an equal basis per school
15 district to each ~~remaining~~ school district that is eligible to receive funds
16 under ~~subsections (c)-(e)~~ subsections (c), (d), or (e) of this section.

17 (B) Funds distributed under subdivision (h)(2)(A) of this
18 section shall be used by the school district only for transportation costs of
19 the isolated ~~schools~~ school areas in the school district.

20 (3) Funding provided under this section is in addition to and in
21 excess of the amount of funds necessary to provide an adequate education as
22 required by the Arkansas Constitution and cannot be relied upon beyond the
23 expiration date of an appropriation made for the purposes of this section.

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25 */s/M. Lamoureux*

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