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2 89th General Assembly
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4

As Engrossed: S4/2/13

A Bill

SENATE BILL 811

5 By: Senator J. Key
6 By: Representative McLean
7

For An Act To Be Entitled

9 AN ACT TO AMEND STATE CATEGORICAL FUNDING FOR THE
10 EDUCATION OF *ECONOMICALLY DISADVANTAGED STUDENTS*; TO
11 *DECLARE AN EMERGENCY*; AND FOR OTHER PURPOSES.
12
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Subtitle

15 *TO AMEND STATE CATEGORICAL FUNDING FOR*
16 *THE EDUCATION OF ECONOMICALLY*
17 *DISADVANTAGED STUDENTS; AND TO DECLARE AN*
18 *EMERGENCY.*
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 *SECTION 1. LEGISLATIVE FINDINGS. The General Assembly finds that:*

24 *(1) It is the duty of the state of Arkansas to provide a*
25 *general, suitable, and efficient system of free public schools to the*
26 *children of the state, under Arkansas Constitution Article 14, § 1;*

27 *(2) The General Assembly is obligated to ensure the provision of*
28 *an adequate and equitable system of education;*

29 *(3) Evidence presented to the Senate Committee on Education and*
30 *the House Committee on Education in March 2013 shows that the current method*
31 *of funding at the three (3) designated levels of funding is not associated*
32 *with achievement gains;*

33 *(4)(A) While the state's goal in providing this funding is to*
34 *provide a greater level of resources to school districts with the highest*
35 *concentration of economically disadvantaged students, the method of funding*
36 *unfairly allocates funding.*



1 (B) The method uses tiers based on the percentage of
 2 economically disadvantaged students in a school districts, with significant
 3 differences between the funds allocated to school districts in each tier.

4 (C) Because of the tiered approach, it is possible for two
 5 (2) school districts separated by only a one percent (1%) difference in the
 6 percentage of economically disadvantaged students to receive significantly
 7 different amounts of funding;

8 (5) Some school districts with the lowest percentage of
 9 economically disadvantaged students are being overfunded and some school
 10 districts with the highest percentage of economically disadvantaged students
 11 are being underfunded;

12 (6) Currently, the funding method does not differentiate between
 13 the family income levels of students who are at significantly different
 14 poverty levels; and

15 (7) The Senate Committee on Education and the House Committee on
 16 Education have recommended in the Supplement to Report on Legislative
 17 Hearings for the 2012 Interim Study on Educational Adequacy that a smoother
 18 funding formula be developed to:

19 (A) Replace the current national school lunch state
 20 categorical funding mechanism with a smoother funding model that provides
 21 funding for economically disadvantaged students on a sliding scale; and

22 (B) Weight the funding to provide more money to school
 23 districts for students who under federal poverty guidelines qualify for free
 24 meals than it provides to students who qualify for reduced-priced meals.

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 26 SECTION 2. Arkansas Code § 6-20-2303(12), concerning the definition of
 27 "national school lunch students", is amended to read as follows:

28 ~~(12)(A) "National school lunch students Economically~~
 29 ~~disadvantaged student" means, those students or the percentage of enrolled~~
 30 ~~students from low socioeconomic backgrounds as indicated by eligibility for~~
 31 ~~free or reduced-price meals under the National School Lunch Act as determined~~
 32 ~~on October 1 of each previous school year and submitted to the Department of~~
 33 ~~Education, unless the school district is identified by the Department of~~
 34 ~~Education as participating in the special assistance certification and~~
 35 ~~reimbursement alternative implemented under 42 U.S.C. § 1759a, as interpreted~~
 36 ~~in 7 C.F.R. § 245.9, a student whose family income is at or below one hundred~~

1 eighty-five percent of the federal poverty guidelines;

2 ~~(B) If the school district is participating under 42~~
 3 ~~U.S.C. § 1759a, then for purposes of funding under § 6-20-2305(b), such a~~
 4 ~~school district's annual percentage of national school lunch students shall~~
 5 ~~be equal to the percentage submitted in the base year, which means the last~~
 6 ~~school year for which eligibility determinations were made and meal counts~~
 7 ~~were taken by type;~~

8
 9 SECTION 3. Arkansas Code § 6-20-2305(b)(4)(A) and (B), concerning
 10 national school lunch student state categorical funding, are amended to read
 11 as follows:

12 (4)(A)(i) ~~National school lunch state categorical funding for~~
 13 ~~each identified national school lunch student shall be as follows~~ Funding for
 14 economically disadvantaged students is based on the following formula using
 15 numbers of economically disadvantaged students from the immediately preceding
 16 school year:

17 ~~(i) For a school district in which ninety percent~~
 18 ~~(90%) or greater of the previous school year's enrolled students are national~~
 19 ~~school lunch students, the amount of per student national school lunch state~~
 20 ~~categorical funding shall be one thousand five hundred eighteen dollars~~
 21 ~~(\$1,518) for the 2011-2012 school year, and one thousand five hundred forty-~~
 22 ~~nine dollars (\$1,549) for the 2012-2013 school year and for each school year~~
 23 ~~thereafter;~~

24 ~~(ii) For school districts in which at least seventy~~
 25 ~~percent (70%) but less than ninety percent (90%) of the previous school~~
 26 ~~year's enrolled students are national school lunch students, the amount of~~
 27 ~~per student national school lunch state categorical funding shall be one~~
 28 ~~thousand twelve dollars (\$1,012) for the 2011-2012 school year, and one~~
 29 ~~thousand thirty three dollars (\$1,033) for the 2012-2013 school year and for~~
 30 ~~each school year thereafter; and~~

31 ~~(iii) For school districts in which less than~~
 32 ~~seventy percent (70%) of the previous school year's enrolled students are~~
 33 ~~national school lunch students, the amount of per student national school~~
 34 ~~lunch state categorical funding shall be five hundred six dollars (\$506) for~~
 35 ~~the 2011-2012 school year, and five hundred seventeen dollars (\$517) for the~~
 36 ~~2012-2013 school year and each school year thereafter.~~

1 (a) The weighted number of economically
2 disadvantaged students is calculated as follows:

3 (1) A tier 1 weighting factor between
4 one (1) and two (2) multiplied by the number of tier 1 students in the school
5 district whose family income is at or below one hundred thirty percent (130%)
6 of the federal poverty guidelines; plus

7 (2) A tier 2 weighting factor of less
8 than one (1) multiplied by the number of tier 2 students in the school
9 district whose family income is above one hundred thirty percent (130%) of
10 the federal poverty guidelines but not more than one hundred eighty-five
11 percent (185%) of the federal poverty guidelines;

12 (b) The percentage the weighted number of
13 economically disadvantaged students is calculated by:

14 (1) Dividing the weighted number of
15 economically disadvantaged students under subdivision (4)(A)(1)(a) of this
16 section by the total student enrollment for the school district; or

17 (2) If the school district is
18 participating under 42 U.S.C. § 1759a, applying the tier 1 and tier 2
19 weighting factors to the school district's annual percentage of students
20 eligible for free and reduced-price meals as submitted in the base year,
21 which is the last school year for which eligibility determinations were made
22 and meal counts were taken by type;

23 (c) An upward-sloping funding curve is derived
24 by multiplying together the following three (3) factors:

25 (1) The percentage of the weighted
26 number of economically disadvantaged students raised to an exponent of
27 between two (2) and three (3), inclusive;

28 (2) The base funding amount; and

29 (3) The weighted number of economically
30 disadvantaged students in the school district under subdivision (4)(A)(1)(a)
31 of this section.

32 (ii) For the 2013-2014 school year, and each school
33 year thereafter:

34 (a) The tier 1 weighting factor is one and
35 twenty-five hundredths (1.25);

36 (b) The tier 2 weighting factor is seventy-

1 five hundredths (.75);

2 (c) The exponential sloping term is two and
 3 six hundred twenty-five one-thousandths (2.625);

4 (d) The base funding amount per year is one
 5 thousand thirty-three dollars (\$1,033); and

6 (e) The least amount of funding that a school
 7 district shall receive is two hundred dollars (\$200) per weighted
 8 economically disadvantaged student.

9 ~~(B)(i)(a) Except as provided under subdivision~~
 10 ~~(b)(4)(B)(i)(e) of this section, national school lunch state categorical~~
 11 ~~funding under this subdivision (b)(4) shall be based on the number of~~
 12 ~~national school lunch students for the immediately preceding school year~~
 13 ~~determined under § 6-20-2303(12)(A).~~

14 ~~(b) If the school district is participating~~
 15 ~~under 42 U.S.C. § 1759a, funding under this subdivision (b)(4) is based on~~
 16 ~~the percentage determined in § 6-20-2303(12)(B) multiplied by the number of~~
 17 ~~enrolled students for the immediately preceding school year.~~

18 ~~(e)(B) The per-student national school lunch state~~
 19 ~~categorical economically disadvantaged student funding for an open-enrollment~~
 20 ~~public charter school shall be based upon the current school year enrollment:~~

21 ~~(1)(i) In the initial year of operation for an open-~~
 22 ~~enrollment public charter school; or~~

23 ~~(2)(ii) In a year in which an open-enrollment public~~
 24 ~~charter school adds a grade.~~

25 ~~(ii)(a) If a school district will receive in the~~
 26 ~~current school year national school lunch state categorical funding under~~
 27 ~~subdivision (b)(4)(A) of this section that is based on a different per-~~
 28 ~~student amount of national school lunch state categorical funding than the~~
 29 ~~school district received in the immediately preceding school year, due to a~~
 30 ~~percentage change in national school lunch students, the department shall~~
 31 ~~adjust the funding to the school district in a transitional three-year~~
 32 ~~period.~~

33 ~~(b) The amount of national school lunch state~~
 34 ~~categorical funding under this subdivision (b)(4)(B)(ii) shall be increased~~
 35 ~~or decreased in each year of a three-year transition period by one-third~~
 36 ~~(1/3) of the difference between the amount of national school lunch state~~

1 ~~category of funding per student for the current year and the amount of~~
2 ~~national school lunch state categorical funding per student for the~~
3 ~~immediately preceding year, adjusted for changes to the funding rates in § 6-~~
4 ~~20-2305(b)(4)(A).~~

5 ~~(iii)(a) The Department of Education shall establish~~
6 ~~rules to implement the transitional national school lunch state categorical~~
7 ~~funding provided in subdivision (b)(4)(B)(ii) of this section.~~

8 ~~(b) The rules shall include the methods of~~
9 ~~transition for a school district that:~~

10 ~~(1) Experiences a decrease in the amount~~
11 ~~of national school lunch state categorical funding per student under~~
12 ~~subdivision (b)(4)(A) of this section;~~

13 ~~(2) Experiences an increase in the~~
14 ~~amount of national school lunch state categorical funding per student under~~
15 ~~subdivision (b)(4)(A) of this section; or~~

16 ~~(3) Within a three-year transition~~
17 ~~period, experiences both a decrease and an increase in the amount of national~~
18 ~~school lunch state categorical funding per student under subdivision~~
19 ~~(b)(4)(A) of this section;~~

20 ~~(iv) Under no circumstances shall a school district~~
21 ~~be entitled to receive more or less funding as a result of the transitional~~
22 ~~process than the school district is otherwise entitled to receive under this~~
23 ~~subdivision (b)(4) based on the school district's national school lunch~~
24 ~~student population as a percentage of the school district's entire student~~
25 ~~population.~~

26 ~~(v)(a) A school district that has experienced a~~
27 ~~significant growth in enrolled students in the previous three (3) years shall~~
28 ~~receive funding for the expected increase in the number of national school~~
29 ~~lunch students based on the expected increase in enrolled students based on~~
30 ~~the levels of funding provided in this section for national school lunch~~
31 ~~students.~~

32 ~~(b) The State Board of Education shall~~
33 ~~establish rules to be used by the Department of Education to determine:~~

34 ~~(1) The amount of growth necessary to~~
35 ~~qualify as significant growth;~~

36 ~~(2) The expected increase in the number~~

1 ~~of national school lunch students based on the expected increase in enrolled~~
2 ~~students; and~~

3 ~~(3) Which school districts have~~
4 ~~experienced a significant growth in enrolled students as necessary to qualify~~
5 ~~for funding under this subdivision (b)(4)(B)(v).~~

6 ~~(c) The Department of Education shall not be~~
7 ~~required to adjust or fund a school district's national school lunch students~~
8 ~~based on the current year's number of national school lunch students enrolled~~
9 ~~in the school district or the average growth of students in the school~~
10 ~~district.~~

11
12 SECTION 4. Arkansas Code § 6-16-601(d)(1)(B), concerning data
13 collection for postsecondary preparatory programs, is amended to read as
14 follows:

15 (B) The number of participants who were ~~eligible for free and~~
16 ~~reduced-price meals under the National School Lunch Act~~ identified as
17 economically disadvantaged students under § 6-20-2305(b)(4);

18
19 SECTION 5. Arkansas Code § 6-16-604(a)(2), concerning enrollment in a
20 postsecondary preparatory program, is amended to read as follows:

21 (2) An eligible student shall receive priority for enrollment in
22 a postsecondary preparatory program if the eligible student ~~qualifies for~~
23 ~~free and reduced-price meals under the National School Lunch Act, 42 U.S.C. §~~
24 ~~1751 et seq~~ is identified as an economically disadvantaged student under § 6-
25 20-2305(b)(4).

26
27 SECTION 6. Arkansas Code § 6-17-811(2), concerning incentives for
28 teacher recruitment and retention in high-priority districts, is amended to
29 read as follows:

30 (2)(A) ~~"National school lunch~~ Economically disadvantaged
31 students" has the same meaning as that given to the term in § 6-20-2303(12)
32 ~~means those students or the percentage of enrolled students from low~~
33 ~~socioeconomic backgrounds as indicated by eligibility for free or reduced-~~
34 ~~price meals under the National School Lunch Act as determined on October 1 of~~
35 ~~each previous school year and submitted to the Department of Education,~~
36 ~~unless the school district is identified by the Department of Education as~~

1 ~~participating in the special assistance certification and reimbursement~~
 2 ~~alternative implemented under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. §~~
 3 ~~245.9.~~

4 ~~(B) If the school district is participating under 42~~
 5 ~~U.S.C. § 1759a, then for purposes of this section, the school district's~~
 6 ~~annual percentage of national school lunch students is equal to the~~
 7 ~~percentage submitted in the base year, which means the last school year for~~
 8 ~~which eligibility determinations were made and meal counts were taken by~~
 9 ~~type;~~

10
 11 SECTION 7. Arkansas Code § 6-18-1606 is amended to read as follows:
 12 6-18-1606. Implementation.

13 Beginning with the 2008-2009 school year, the Voluntary Universal ACT
 14 Assessment Program may provide each student in grade eleven (11) with the
 15 opportunity to take the ACT Assessment while in grade eleven (11) without any
 16 charge by using school district funding, including ~~National School Lunch Act~~
 17 economically disadvantaged student funds, to pay for the exams as approved by
 18 the Department of Education.

19
 20 SECTION 8. Arkansas Code § 10-3-2102(h)(1)(B), concerning the biennial
 21 adequacy studies, is amended to read as follows:

22 (B) ~~National school lunch~~ Economically disadvantaged
 23 student funding;

24
 25 SECTION 9. DO NOT CODIFY. The Arkansas Code Revision Commission is
 26 directed to correct the following phrases in Title 6 of the Arkansas Code not
 27 otherwise amended in this act:

28 (1) The phrases "national school lunch state categorical",
 29 "national school lunch student state categorical", and "national school lunch
 30 student categorical" to "economically disadvantaged student";

31 (2) The phrase "national school lunch students" to "economically
 32 disadvantaged students"; and

33 (3) The phrase "national school lunch student" to "economically
 34 disadvantaged student".

35
 36 SECTION 10. EMERGENCY CLAUSE. It is found and determined by the

1 General Assembly of the State of Arkansas that it is the state's
2 constitutional obligation to provide a general, suitable, and efficient free
3 system of public schools in the state; that the public school funding
4 distribution changes in this act are needed to ensure that proper funding is
5 provided to public schools and school districts; and that this act is
6 immediately necessary so that public schools and school districts will
7 receive the amount of funding provided under this act for the 2013-2014
8 school year. Therefore, an emergency is declared to exist and this act being
9 immediately necessary for the preservation of the public peace, health, and
10 safety shall become effective on July 1, 2013.

11
12 /s/J. Key
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