



Isolated Funding Expenditures

Isolated funding – distributed through three overarching funding streams – is meant to help Arkansas public school districts with schools serving students in sparsely populated or geographically challenging areas or with small enrollments provide an adequate education to students.

Each year for the past 10-plus years, school districts have been able to qualify for isolated, special needs isolated and/or special needs isolated – transportation funding. A **total of about \$11 million is appropriated each year** to fund these districts, an amount that accounted for only .25% of the state’s overall education budget in fiscal year 2017. Isolated funding at the district level, however, accounted for .3 to 26.1% of these districts’ overall funding that same year.

Isolated Funding

Isolated funding dates back to the mid-1980s, when Arkansas had many districts with enrollments of fewer than 350 students. School districts were designated as isolated districts if they met four of five conditions (large land area, low student density, small proportion of hard-surfaced roads, long travel distances to school and geographic barriers) AND had fewer than 350 students and met budgetary and millage criteria.

Act 60 in 2003 reorganized Arkansas’s education system so that districts with enrollment under 350 for two consecutive years were annexed into or consolidated with another district. This made isolated districts all but obsolete. Act 65 of that year protected these isolated “school areas” by establishing their per-student funding levels (which are still in place today) and mandating that they could not be closed.

Special Needs Isolated Funding

By 2005, school districts realized they must close some of the isolated schools to remain in good fiscal condition. Legislation that year created both a mechanism for closing schools and a means for providing additional funds (special needs isolated funds) to districts for which closing isolated schools proved “impractical or unwise.”

Districts that had acquired isolated schools through reorganization could qualify for an additional 20%, 15% or 10% of the foundation funding amount per student depending on which criteria they met regarding land area, enrollment, student density and the number of isolated schools they operated. An additional 5% category was created for small school districts (under 500 enrollment and fewer than 2 students per square mile) even if they contained no isolated schools.

Special Needs Isolated – Transportation Funding

Special needs isolated districts in the 20%, 15% and 10% categories are also eligible for additional funds to help with transportation costs. While there is no specific appropriation for special needs isolated – transportation funding, the money that remains after all isolated and special needs isolated districts have been funded is then divided and distributed evenly to qualifying districts.

Expenditures of Isolated Funds

The spending of isolated and most special needs isolated funds is restricted to districts’ isolated school areas only, though the funds can be spent on any identified need of the students in those schools. The exception is that school districts qualifying for the 5% category

of special needs isolated funding may spend the money throughout the district. Special needs isolated – transportation funding is to be used for transportation expenses only.

Categories of Expenditures

The three largest areas of expenditures for isolated funds in the 2016-17 school year were transportation (\$4.9 million), instruction-related expenses (\$4.1 million) and operations and maintenance (\$.9 million).

Characteristics of Isolated Districts and Their Students

As one might expect, districts receiving any type of isolated funding tend to be larger in terms of land area and have lower student density than other districts. Their transportation costs tend to be higher as well. Teachers in isolated districts tend to start at lower salaries and have lower average salaries than other districts in the state.

Isolated districts tend to have higher percentages of students qualifying for free and reduced price lunches. Students in these districts tend to score lower on statewide tests, though that is likely a function of economic status rather than one of attending school in an isolated district.