

## **Title 6. Education**

### **Chapter I. Division of Elementary and Secondary Education**

#### **Subchapter I. Finance**

#### **Part 271. Rules Governing Declining Enrollment and Student Growth Funding for Public School Districts**

##### **Subpart 1. Generally**

###### **6 CAR § 271-101. Purpose.**

The purpose of this part is to provide information regarding declining enrollment and student growth funding for public school districts.

###### **6 CAR § 271-102. Definitions.**

As used in this part:

- (1) "Average daily membership (ADM)" means:
  - (A) The total number of days of school attended; plus
  - (B) The total number of days absent by students in kindergarten through grade twelve (K-12) during the first three (3) quarters of each school year; divided by
  - (C) The number of school days actually taught in the school district during that period of time; and
  - (D) Rounded up to the nearest hundredth;
- (2) "Declining enrollment funding" means the amount of state financial aid provided to an eligible school district from funds made available for the decline in the ADM of the school district in the preceding school year compared to the school year before the preceding school year;
- (3)(A) "Excess net revenues plus calculated miscellaneous funds" means the amount of net revenues plus calculated miscellaneous funds a school district receives that is greater than the foundation funding amount.
  - (B) "Excess net revenues plus calculated miscellaneous funds" excludes the amount remitted to the Department of Education above ninety-eight percent (98%) of assessed value for the uniform rate of tax;

(4) "Net revenues" means:

(A) Actual revenues generated from ad valorem taxes and distributed to a school district; multiplied by

(B) The ratio derived from dividing the uniform rate of tax by the total millage rate of the school district;

(5) "Quarterly average daily membership" means the ADM for one quarter (1/4) of a school year used for calculating student growth funding pursuant to 6 CAR § 271-104; and

(6) "Student growth funding" means the amount of state financial aid provided to an eligible school district from funds made available for the growth in the ADM of the school district for each sequential quarter beginning with prior fiscal year quarter four (4) and ending with current fiscal year quarter three (3) compared to each corresponding prior fiscal year three-quarter ADM of the school district.

**6 CAR § 271-103. Declining enrollment funding.**

(a) Declining enrollment funding is equal to:

(1) The three-quarter ADM of the prior fiscal year; subtracted from

(2) The average of the three-quarter ADM of the prior fiscal year and the ADM of the fiscal year prior to the prior fiscal year; multiplied by

(3) The current amount of foundation funding per student established by the General Assembly.

(b)(1) Pursuant to Arkansas Code § 6-20-2305(a)(3)(C), no school district shall receive both:

(A) Declining enrollment funding; and

(B) Student growth funding.

(2) These two (2) funding categories are calculated using ADM data from different time periods.

(3) Therefore, within one (1) fiscal year, it is possible for a school district to qualify for:

(A) Declining enrollment funding due to a decline in prior fiscal year three-quarter ADM compared to the three-quarter ADM in the fiscal year prior to the prior fiscal year; and

(B) Student growth funding due to growth in quarterly ADM beginning with prior fiscal year quarter four (4) and ending with current fiscal year quarter three (3) compared to each corresponding prior fiscal year three-quarter ADM of the school district.

(c) The Department of Education will provide the funding category or categories that yield the most funding to the school district by:

(1) Comparing declining enrollment funding to student growth funding; minus

(2) Excess net revenues plus calculated miscellaneous funds.

(d)(1) Declining enrollment funding is unrestricted funding.

(2) However, under Arkansas Code § 6-20-2203, by February 15 of each year for each school district receiving declining enrollment funding, the department shall submit to the State Board of Education, the Governor, the Senate Committee on Education, and the House Committee on Education a report listing:

(A) The amount of declining enrollment funding received under Arkansas Code § 6-20-2305(a)(3)(A);

(B) How the funds were expended;

(C) The amount expended; and

(D) Any other information required.

(3) To enable the tracking of expenditures of declining enrollment funding for these required reports, the funds may not be transferred to another fund prior to expenditure but must be expended directly from the declining enrollment fund.

#### **6 CAR § 271-104. Student growth funding.**

(a)(1) Student growth funding is calculated as the sum of the following amounts:

(A) One quarter (1/4) of the current foundation funding amount per student as established by the General Assembly; multiplied by

(B) The increase, if any, in the school district's:

(i) Previous fiscal year fourth-quarter ADM compared to the fiscal year three-quarter ADM in the year prior to the aforementioned fourth-quarter ADM;

(ii) Current fiscal year first-quarter ADM compared to the prior fiscal year three-quarter ADM;

(iii) Current fiscal year second-quarter ADM compared to the prior fiscal year three-quarter ADM; and

(iv) Current fiscal year third-quarter ADM compared to the prior fiscal year three-quarter ADM.

(2)(A) A final comparison will be made of the ADM from quarters one (1), two (2), and three (3) used in subdivision (a)(1)(B) of this section.

(B) The comparison will check for changes to quarters one (1), two (2), and three (3) ADM from Cycle 6 to Cycle 7 that have an effect on the student growth funding calculation.

(C) The comparison will take place after the fiscal year has ended, but any resulting funding adjustments should be coded to the fiscal year just ended.

(b) If a school district's net revenues minus any recoupment to the state above the ninety-eight percent (98%) URT plus miscellaneous funds calculated under Arkansas Code § 6-20-2308(b)(1)(A) exceed the foundation funding amount, a school district shall be eligible to receive the amount of calculated student growth funding that exceeds:

(1) The net revenues; minus

(2) Any recoupment to the state above the ninety-eight percent (98%) URT;

plus

(3) Miscellaneous funds calculated under Arkansas Code § 6-20-2308(b)(1)(A).

(c) Increases in ADM resulting solely from consolidation or annexation shall be excluded from the student growth funding calculation.

(d) No school district shall receive both:

(1) Declining enrollment funding; and

(2) Student growth funding.

(e)(1) Student growth funding is provided to eligible school districts and open-enrollment public charter schools to help bridge the gap between:

(A) The foundation funding amount calculated using prior-year three-quarter ADM; and

(B) Any quarterly growth in ADM subsequent to the prior-year three-quarter ADM.

(2) Local education agencies that receive the foundation funding amount based on current year three-quarter ADM are ineligible for student growth funding.

(f)(1) Student growth funding is unrestricted funding.

(2) However, under Arkansas Code § 6-20-2203, by February 15 of each year for each school district receiving student growth funding, the Department of Education shall submit to the State Board of Education, the Governor, the Senate Committee on Education, and the House Committee on Education a report listing:

(A) The amount of student growth funding received under Arkansas Code § 6-20-2305(c)(2);

(B) How the funds were expended;

(C) The amount expended; and

(D) Any other information required.

(3) To enable the tracking of expenditures of student growth funding for these required reports, the funds may not be transferred to another fund prior to expenditure but must be expended directly from the student growth fund.