



## **Fiscal and Administrative Services**

### **Finance News**

#### **Topics:**

- **State Aid Notices for Traditional School Districts**
- **State Aid Notices for Open-Enrollment Public Charters**
- **Net URT Revenues/Ad Valorem Tax Revenues**
- **2024-2025 Estimated ESA Funding**

## State Finance Unit

### State Aid Notices for Traditional School Districts

State Aid Notices for Traditional School Districts for 2023-24 (mid-year) are posted at:

[Division of Elementary and Secondary Education - Offices - Fiscal and Administrative Services - Publication and Reports - State Aid Notices for School Districts \(arkansas.gov\)](#)

When viewing the state aid notice, please remember the following:

- All data supporting the funding calculations are subject to review.
- Net revenues and 98% of URT X assessment less net revenues are provided on the mid-year and final state aid notices for traditional school districts.
- Miscellaneous funds are defined and are calculated as per Arkansas Code Annotated §§6-20-2303 (13), 6-20-2308, and 6-20-2503 (a) (3). Calculated miscellaneous funds and district total millage rate effective January 1 of the prior calendar year (2022) are used in the initial calculation of state foundation funding aid and in the calculation of bonded debt assistance. Calculated miscellaneous funds and district total millage rate effective January 1 of the current calendar year (2023) are used to update the calculation of state foundation funding aid for the current fiscal year. This update usually occurs in February and includes collections data from the most recent calendar year (January - December).
- The average daily membership (ADM) data reflects data submitted during the most recent submission cycle of the corresponding school year.
- For traditional school districts only - District square miles as calculated by ArcGIS 10 software are provided and may affect eligibility for special needs isolated funding pursuant to Arkansas Code Annotated § 6-20-604 (c) and (d), and small district funding pursuant to Arkansas Code Annotated § 6-20-604 (f). School district density ratio is one of several determining factors for qualification for some funding categories pursuant to Arkansas Code Annotated § 6-20-604.
- For traditional school districts only - The calculated portion of foundation funding that is educational excellence trust funds is provided. Changes to the total educational excellence trust fund available for distribution may result in revised educational excellence trust fund amounts. Refer to Arkansas Code Annotated § 6-5-307 and the Arkansas Division of Elementary and Secondary Education Rules Governing the School District Educational Excellence Trust Fund for information regarding the determination of an increase in educational excellence trust funds allocated for teacher salaries.
- Open-enrollment (OE) charter schools in the first year of operation or operating under a new license, adding a new campus, or adding a grade at any campus, will be funded on current year data for state foundation funding aid, professional development, enhanced student achievement, charter facilities, and teacher salary equalization funding categories. Initial funding estimates for current-year-funded OE charter schools are based on estimated July 1 enrollment. These estimates are revised when quarter 1 ADM is available in Cycle 3. The funding amounts are finalized once three-quarter average ADM is available in Cycle 6.



- Traditional school districts and OE charter schools that do not meet the qualifications to be current-year-funded are funded on prior year data.
- Alternative learning environment funding is based on prior year full-time equivalent data. Contact Jared Hogue at 501-682-5303, [Jared.Hogue@ade.arkansas.gov](mailto:Jared.Hogue@ade.arkansas.gov), or CW Gardenhire at 501-580-5660, [CW.Gardenhire@ade.arkansas.gov](mailto:CW.Gardenhire@ade.arkansas.gov), for further information.
- English language learners funding is based on students identified in the current school year as not proficient in the English language. Contact the Office of English for Speakers of Other Languages at 479-267-7450 ext. 336, or [English.learners@ade.arkansas.gov](mailto:English.learners@ade.arkansas.gov), for further information.
- Enhanced student achievement funding is based on prior year October 1 national school lunch data (current year October 1 for current-year-funded OE charter schools). If applicable, enhanced student achievement transitional funding is included in enhanced student achievement funding. The amount of enhanced student achievement funding withholding pursuant to Arkansas Code Annotated § 6-20-2305 (b) and (e) is provided, when available, and if applicable. Information regarding enhanced student achievement matching grant funds is not provided on the state aid notice. Contact Saliha Qazi at 501-682-4228, [Saliha.Qazi@ade.arkansas.gov](mailto:Saliha.Qazi@ade.arkansas.gov), or Jason Miller at 501-683-5289, [Jason.Miller@ade.arkansas.gov](mailto:Jason.Miller@ade.arkansas.gov), for information on enhanced student achievement matching grant funds set aside for eligible school districts.
- Isolated funding and charter facilities funding (if applicable) are provided on the mid-year state aid notice. These numbers are subject to change and are finalized on the final state aid notice in July.
- Preliminary declining enrollment funding and partial student growth funding are provided on the initial and mid-year state aid notices and are finalized on the final state aid notice in July. Pursuant to state law, a district cannot receive both declining enrollment funding and student growth funding. A district that is eligible to receive declining enrollment and student growth funding will receive the category that yields the most funding.
- Pursuant to Arkansas Code Annotated § 6-20-2305 (b) (6), school districts identified as having an average annual teacher salary below the statewide target average annual salary (\$51,822), may be eligible for teacher salary equalization funding (TSEF) equal to \$185 per prior year ADM. As a reminder, if your district's prior year allocation of TSEF was higher, the district receives the higher amount. Refer to Commissioner's Memos FIN-23-015 and FIN-23-040 for additional information.

The following DESE Rules are found under Current Rules:

Charter Schools

Declining Enrollment (includes student growth funding)

Educational Excellence Trust Fund

Miscellaneous Funds Calculation

Student Special Needs Funding (categoricals)



Please review the state aid notice carefully. A comparison of the most recent state aid notice to prior state aid notices may prove helpful in detecting errors and variances.

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## State Aid Notices for Open-Enrollment Public Charters

Mid-Year Charter State Aid Notices have been posted at:

<https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/state-aid-notices-for-open-enrollment-public-charter-schools>

Updates from the Preliminary to Mid-Year Charter State Aid Notices:

- For current year funded charters:
  - o 2023-2024 quarter 1 average daily membership (ADM) has been included and calculated for state foundation funding aid, teacher salary equalization funding, and charter facilities funding. These numbers will be updated again once 3 quarter average ADM is received in May 2024.
  - o October 1, 2023 free and reduced counts and percentages have been included and calculated.
- For all, prior and current year funded, charters:
  - o Current year English language learner data and funding has been included and calculated.
  - o 2023-2024 quarter 1 and 2 average daily membership has been included.
  - o Student growth funding (SGF) has been updated for applicable charters using 2023-2024 quarter 2 ADM. The next update will be in May 2024. A charter that is eligible to receive declining enrollment funding (prior and current year funded charters) and student growth funding (only prior year funded charters) will receive the category that yields the most funding.
  - o The charter facilities funding rate has been updated for all charters, and the final rate will be calculated in July of the next fiscal year using cycle 7 data.
  - o If applicable, the effect of impact aid (miscellaneous funds) on state foundation funding aid has been provided.

For additional information, refer to Ark. Code Ann. § 6-20-2301 et seq., § 6-23-501 et seq., § 6-23-908, and the Arkansas Department of Education Rules pertaining to student special needs funding, calculation of miscellaneous funds, and charter schools found at <https://dese.ade.arkansas.gov/Offices/legal/rules>. For teacher salary equalization funding, please refer to Act 680 of 2021, and Commissioner's Memos FIN-21-043 and FIN-21-048.

Any questions about the data and calculations can be directed to David Allison at [david.allison@ade.arkansas.gov](mailto:david.allison@ade.arkansas.gov) or (501) 682-4494.



## Net URT Revenues/Ad Valorem Tax Revenues

The ad valorem tax revenues disbursed by Arkansas counties during calendar year 2023 are available for review on the ADE-DESE website at:

<https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/net-urt-revenues>

As required by A.C.A § 26-80-101 (b)(4)(A)(ii), county treasurers have sent to the DESE the annual uniform rate of tax (URT) report for calendar year 2023. These reports contain the Net URT Revenues of a school district. If Net URT Revenues are less than the sum of 98% of the URT multiplied by the property assessment of the school district, the DESE will disburse the difference in June 2024. If Net URT Revenues are more than the sum of 98% of the URT x the assessment, the DESE will recoup the difference from a school district's final state foundation funding payment(s). Those numbers are provided on the summarized report beginning on page 1. If any discrepancies exist, the school district must contact and work with the county to submit a corrected report as soon as possible.

For additional information, refer to A.C.A § 6-20-2305 (a)(4). Any questions can be directed to David Allison at [david.allison@ade.arkansas.gov](mailto:david.allison@ade.arkansas.gov) or (501) 682-4494.



## 2024-2025 Estimated ESA Funding

A preliminary estimate of each school district's 2024-25 ESA funding has been posted at: <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/school-funding/allocations> under the heading "Enhanced Student Achievement", file name "2024-25 Estimated ESA Funding." On the second tab of the spreadsheet, you will find the 2023-24 funding information shaded in dark gray. The preliminary 2024-25 funding is shaded in light gray. Column X shows the increase or decrease in funds from 23-24 to 24-25. *Please note that we cannot estimate open-enrollment charters that will be current-year-funded next year since the data are not yet available. All 24-25 data presented in this report are from October 2023.*

The free/reduced numbers for districts that are CEP, P2, or combination (meaning not all school buildings in the district are on the same provision), are derived by multiplying the percentage determined in the CEP/P2 base year by the number of enrolled students for the immediately preceding school year.

Districts that are in transition from one funding tier to another are indicated as such on the report. As a reminder about transition funding, if a school district will receive in the current school year ESA funding that is based on a different per-student amount than the district received in the immediately preceding school year due to a change in funding tiers, the DESE adjusts the funding in a transitional three-year period. Funding is increased or decreased in each year of a three-year transition period by one-third ( $\frac{1}{3}$ ) of the difference between the amount of ESA funding per student for the current year and the amount of ESA funding per student for the immediately preceding year.

The funding tiers are:

Under 70% F&R - \$538 per F&R student

71%-89% F&R - \$1,076 per F&R student

90% and greater - \$1,613 per F&R student

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