Description of the Formula

6-20-2305 School funding: (a)(1) For each school year, a school district shall receive state foundation funding aid computed as the difference between the foundation funding amount pursuant to subdivision (a)(2) of this section and the sum of 98% of the uniform rate of tax multiplied by the property assessment of the school district plus miscellaneous funds of the school district (the average of the five years prior to the prior year of the categories of miscellaneous funds received in the most recent year used in the average, multiplied by the ratio of the uniform rate of tax of 25 mills to the total mills for the district). (B) For the 2010-2011 school year, the foundation funding amount is equal to $6,023 multiplied by the ADM of the previous school year.

(a)(4) By the end of each school fiscal year, for a school district whose local wealth per student was less than $6,023 based on the foundation funding formula, if the district actual net revenues are less than 98% of the uniform rate of tax multiplied by the property assessment, additional funding is distributed to ensure the district receives $6,023 per student. For a district whose local wealth per student was less than $6,023 based on the foundation funding formula, if the district actual net revenues are more than 98% of the uniform rate of tax multiplied by the property assessment, the district must repay to the ADE the amount received in excess of $6,023 per student.

District-Based Components

Density/Sparsity of Small Schools (2010-11): 
6-20-601 Qualifications for receiving isolated funding: (a) As used in this section, “isolated school district” means a school district that meets any 4 of the following 5 criteria: (1) There is a distance of 12 miles or more by hard-surfaced highway from the high school of the district to the nearest adjacent high school in an adjoining district; (2) The density ratio of transported students is less than 3 students per square mile of area; (3) The total area of the district is 95 sq. mi. or greater; (4) Less than 50% of bus route miles is on hard-surfaced roads; and (5) There are geographic barriers such as lakes, rivers, and mountain ranges which would impede travel to schools that otherwise would be appropriate for consolidation, cooperative programs, and shared
An isolate[d] school district shall be eligible to receive isolated funding if:

1. The district's budget is prepared by the local district with Department of Education approval;
2. The district has an ADM of less than 350;
3. The district meets the minimum standards for accreditation of public schools prescribed by law and regulation. 

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

There shall be 2 categories of isolated funding: (A) Category I isolated funding shall be provided to all school districts that qualify under this section; and (B) Category II isolated funding shall be further provided to those school districts that qualify under this section and have an ADM density ratio of less than 1.2 students per square mile and shall be calculated at 50% of Category I funding.

6-20-603 Continued support of isolated school districts: (a) Upon the effective date of consolidation, annexation, or reorganization, the districts listed in statute... shall become isolated school areas for the sole purpose of receiving isolated funding and shall have a per student isolated funding amount as provided in legislation. (b) Each school year, state financial aid in the form of isolated funding shall be provided to school districts containing an isolated school area in an amount equal to the prior-year three-quarter ADM of the isolated school area multiplied by the per student isolated funding amount for the isolated school areas as set forth under column "C" of subsection (a) of this section. (c) A school district may not receive isolated funding under this section for an isolated school area if the prior year three-quarter ADM of the isolated school area exceeds 350. (d) A school district receiving isolated funding for an isolated school area shall expend the funds solely for the operation, maintenance, and support of the isolated school area. (e) A school district or isolated school area that may qualify under other law to receive additional state aid because its ADM is less than 350 shall not be eligible to receive funding under this section except that a district qualifying under other law for such aid and qualifying for funds under this section may elect to receive funds under this section in lieu of aid under the other law. (i) (1) Except as provided under § 6-20-604(g), a school district eligible to receive isolated funding under this section shall continue to receive partial funding even if all or part of an isolated school is closed. (2) If all or part of an isolated school in a school district is closed, the school district shall receive funding based on the prior year's three-quarter ADM of the isolated school or the part of the isolated school that remains open.

6-20-604 Additional funding: (b) A school district shall receive special needs funding if the school district meets the requirements of subsections (c), (d) or (e) of this section, and if: (1) The school district was consolidated or annexed or received an annexed school under § 6-13-1601 et seq.; (2) The local board of directors by majority vote determines that the isolated school is so isolated that to combine its operation to 1 district campus would be impractical or unwise; and (3) The isolated school or district: (A) Filed an affidavit of isolated school status with the state board during the consolidation or annexation process and the facts of the affidavit are verified by the state board or its designee, to meet the requirements of § 6-20-601; (B) Filed an affidavit of isolated school status with the state board after the consolidation or annexation process or August 12, 2005, and the facts of the affidavit are verified by the state board or its designee to meet the requirements of § 6-20-601; or (C) Filed an affidavit of isolated school status with the state board after the consolidation or annexation process or August 12, 2005, and
the facts of the affidavit are verified by the state board or its designee to meet the requirements of § 6-20-601 but for the ADM requirements 350 students or fewer. (f) A school district shall receive an amount equal to 5% of the foundation funding received by the school district under § 6-20-2305(a)(2) based on the three-quarter ADM of the school district if the school district has a: (1) Three-quarter ADM of less than 500 students; and (2) Density ratio of 2 students or less per square mile. (g) A school district eligible for special needs funding under this section shall continue to be eligible to receive isolated school funding provided under § 6-20-603 but shall only receive funding under one (1) of the categories established under subsections (c)-(f) of this section. (h) (1) This section is contingent on the appropriation and availability of funding for its purposes. (2) (A) Undistributed funds under this section and § 6-20-603 allocated to a school district that is no longer eligible to receive the funding shall be distributed on an equal basis per school district to each remaining school district that is eligible to receive funds under subsections (c)-(e) of this section. (B) Funds distributed under subdivision (h)(2)(A) of this section shall be used by the school district only for transportation costs of the isolated schools in the school district.

Grade Level Differences (2010-11)
Does not apply.

Declining Enrollment or Student Growth (2010-2011):
Declining Enrollment - Arkansas Code § 6-20-2305(a)(3)(A) A school district that has experienced a decline in ADM over the two immediately preceding years shall receive: (i) Declining enrollment funding equal to the difference between the average of the two (2) immediately preceding years’ ADMs and the ADM for the previous school year multiplied by $6,023; or (ii) Special needs isolated funding under § 6-20-604.

Student Growth - Arkansas Code § 6-20-2305(c)(2)(A), is calculated as the sum of the following amounts: One quarter of the per student foundation funding for the school district multiplied by the increase, if any, of each of the following: (a) The school district's quarterly ADM for the first quarter of the current school year over three-quarter ADM of the previous school year; (b) The school district's quarterly ADM for the second quarter of the current year over the three-quarter ADM of the previous school year; (c) The school district's quarterly ADM for the third quarter of the current school year over the three-quarter ADM of the previous school year; and (d) The school district's quarterly ADM for the fourth quarter of the current school year over the three-quarter ADM of the previous school year.

Capital Outlay and/or Debt Service (2010-11):
6-20-2503 Bonded debt assistance: (b)(1) … the state shall provide eligible school districts with financial assistance for the purpose of retiring outstanding bonded indebtedness in existence as of January 1, 2005. (2) The amount of financial assistance under this section is based on: (A) The total amount required to satisfy a school district's outstanding bonded indebtedness in existence as of January 1, 2005; (B) The annual amount due on a fiscal year basis from the school district in accordance with the principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005, for the outstanding bonded indebtedness identified under subdivision (b)(2)(A) of this section; and (C) The calculation in subdivision (b)(3)(A) or (b)(3)(B) of this section. (2)(A) In addition to the financial assistance
provided under subsection (b) of this section, a school district shall receive in accordance with subdivision (e)(2)(B) of this section state financial assistance equal to all or a portion of the general facilities funding that the school district received or would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq. [repealed], during Fiscal Year 2005. (B) The commission shall phase out state financial assistance under this subsection over a ten-year period by reducing the amount received by a school district under this subsection after Fiscal Year 2006 by 1/10 in each year of the ten-year period with the savings distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the commission. (f)(1) If a school district elected to receive supplemental millage incentive funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq. [repealed], during Fiscal Year 2005, the commission shall compute the difference between the amount of supplemental millage incentive funding that a school district received in Fiscal Year 2005 and the amount of debt service funding supplement and general facilities funding that the school district would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq. [repealed], in Fiscal Year 2005. (2)(A) In addition to the financial assistance provided under subsection (b) of this section, a school district that elected to receive supplemental millage incentive funding under §6-20-2401 et seq. [repealed], shall receive in accordance with subdivision (f)(2)(B) of this section state financial assistance equal to all or a portion of the amount of supplemental millage incentive funding that exceeded the amount that the school district would have received under debt service funding supplement and general facilities funding under § 6-20-2401 et seq. [repealed]. (B) The commission shall phase out the state financial assistance under this subsection over a ten-year period by reducing the amount received by a school district under this subsection after Fiscal Year 2006 by 1/10 in each year of the ten-year period with the savings distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the commission.

Projects after January 1, 2005 may receive funding under Arkansas Code § 6-20-2501 - the "Arkansas Public School Academic Facilities Funding Act".

**Transportation (2010-11)**

Does not apply except for certain isolated school districts. Undistributed funds under § 6-20-604 and § 6-20-603 shall be distributed as transportation funding (h) on an equal basis per school district to each school district that receives funding under § 6-20-604 (c)-(e).

**Student-Based Components**

**Special Education (2010-011)**

In 2004, the Arkansas General Assembly reformulated public school funding at the direction of the Arkansas Supreme Court to devise a funding system to assure school “adequacy”. Although Arkansas Special Education funding based on weighted averages had been abolished in the mid-1990s, this approach was actually reconsidered during the discussions of school funding adequacy for special populations, including students with disabilities, English language learners, students in Alternative Learning Environments, and high poverty students.

Ultimately, the funding adequacy needs of these special populations were addressed through categorical funding systems providing state aid in addition to that provided through the basic Foundation Formula. For Special Education, the General Assembly increased the funding levels
of existing state line item appropriations to reimburse districts for specific types of excess costs associated with providing services. These include annual targeted Catastrophic Occurrences aid for individual high cost/high need students, reimbursement for residentially placed students, and reimbursement for students with disabilities receiving extended school year services.

Compensatory Education (2010-11)
Does not apply.

English Language Learner/Bilingual Education (2010-11)
6-20-2305 School funding: (3)(A) Beginning with the 2007-2008 school year, funding for students who are identified as English-language learners shall be $293 for each identified English-language learner. (B) Funding for English-language learners shall be distributed to school districts for students who have been identified as not proficient in the English language based upon a state-approved English proficiency assessment instrument.

Gifted and Talented Education (2010-11)
6-20-2208: (c) Each school district shall expend state and local revenues on gifted and talented programs in an amount equal to 0.15 of the foundation funding amount of $6,023 for fiscal year 2010-11 multiplied by 5% of the school district's ADM for the previous year only on gifted and talented programs in accordance with rules promulgated by the state board.

Other (2010-11):
6-20-2305 School funding: (2)(A) (i) Beginning with the 2007-2008 school year, alternative learning environment funding shall be $4,063 multiplied by the number of identified alternative learning environment students enrolled during the previous school year. (B) (i) Beginning with the 2007-2008 school year, secondary vocational area center funding shall be $3,250 multiplied by the number of students enrolled in a secondary vocational area center during the previous school year.

(4)(A) Beginning with the 2009-2010 school year, national school lunch state categorical funding for each identified national school lunch student shall be as follows: (i) For a school district in which 90% or greater of the previous school year's enrolled students are national school lunch students, the amount of per-student national school lunch state categorical funding shall be $1,488; (ii) For school districts in which at least 70% but less than 90% of the previous school year's enrolled students are national school lunch students, the amount of per-student national school lunch state categorical funding shall be $992; and (iii) For school districts in which less than 70% of the previous school year's enrolled students are national school lunch students, the amount of per student national school lunch state categorical funding shall be $496. (B) (i) (a) National school lunch state categorical funding under this subdivision (b)(4) shall be based on the number of national school lunch students for the immediately preceding school year determined under § 6-20-2303(12)(A). (b) If the school district is participating under 42 U.S.C. § 1759a, funding under this subdivision (b)(4) is based on the percentage determined in § 6-20-2303(12)(B) multiplied by the number of enrolled students for the immediately preceding school year.
(ii) (a) Beginning with the 2009-2010 school year, if a school district will receive in the current school year national school lunch state categorical funding under subdivision (b)(4)(A) of this section that is based on a different per-student amount of national school lunch state categorical funding than the school district received in the immediately preceding school year, due to a percentage change in national school lunch students, the department shall adjust the funding to the school district in a transitional three-year period. (b) The amount of national school lunch state categorical funding under this subdivision (b)(4)(B)(ii) shall be increased or decreased in each year of a three-year transition period by 1/3 of the difference between the amount of national school lunch state categorical funding per student for the current year and the amount of national school lunch state categorical funding per student for the immediately preceding year, adjusted for changes to the funding rates in § 6-20-2305(b)(4)(A).

(v) (a) A school district that has experienced a significant growth (at least 1% per year) in enrolled students in the previous 3 years shall receive funding for the expected increase in the number of national school lunch students based on the expected increase in enrolled students based on the levels of funding provided in this section for national school lunch students.

(5) (A) Professional development funding, beginning with school year 2007-2008, shall be equal to an amount of up to $50.00 multiplied by the school district's previous school year ADM. For fiscal year 2010-2011, each school district received $41.36 multiplied by the school district’s previous school year ADM. An additional $4,000,000 of the statewide appropriation was used for statewide professional development programs at the discretion of Commissioner of the ADE.

Pupil Weights for Special Education Programs (2010-11)
Does not apply.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases (2010-11)
Does not apply.

Property Assessment Ratios Used/Legal Standards for Property Assessment (2010-11)
26-26-303 Percentage of value to be used in appraisal: (a) The appraisal and assessment shall be according to value as required by Arkansas Constitution, Article 16, Section 5. (b) The percentage of true and full market or actual value to be used in the appraisal and assessment shall be fixed and certified by the Arkansas Public Service Commission as provided by § 26-24-104. (c) Until and unless a budget system is adopted with provisions for eliminating excessive and illegal tax rates and expenditures, the commission shall not fix and certify a percentage of true and full market or actual value in excess of twenty percent (20%).
26-26-304(e)(1) Ratio of Assessed Value to Market Value in the Assessment Year that Reappraisal Values are Placed on the Assessment Ratio: (e)(1) In addition to the other provisions of this section, whenever the September 15 ratio for the classifications of market value real estate, business personal property, auto and other personal property, or agricultural and timber falls below 18% or above 22% of full fair market value, the county shall be deemed to have failed the ratio study and shall be subject to the corrective actions outlined in subsection (f) of this section.

26-26-1902 Reappraisal: Each county in Arkansas is required to appraise all market value real estate normally assessed by the county assessor at its full and fair market value at a minimum of one (1) time every three (3) years except under certain circumstances is required to appraise all real property normally assessed by the county assessor at its full and fair market value at a minimum of one (1) time every five (5) years from the previous assessment.

26-26-402 Procedure for adjustment of taxes after reappraisal or reassessment of property: (a) (1) Whenever a countywide reappraisal or reassessment of property subject to ad valorem taxes shall result in an increase in the aggregate value of taxable real and personal property in any taxing unit in this state of ten percent (10%) or more over the previous year, the rate of taxes levied against the taxable real and personal property shall, upon completion of the reappraisal or reassessment, be adjusted or rolled back by the governing body of the taxing unit for the year for which levied as provided.

Measure of Local Ability to Support Schools (2010-11):
Arkansas Code § 6-20-2305 (a)(1) Local aid is initially estimated as the difference between the foundation funding amount pursuant to subdivision (a)(2) of this section ($6,023 for FY 2010-11) and the sum of 98% of the uniform rate of tax multiplied by the property assessment of the school district plus miscellaneous funds of the school district (the average of the five years prior to the prior year of the categories of miscellaneous funds received in the most recent year used in the average, multiplied by the ratio of the uniform rate of tax of 25 mills to the total mills for the district). The local aid at the end of the year is the actual ad valorem tax revenues received by the school district from the uniform rate of tax of 25 mls plus the miscellaneous funds (the average of the five years prior to the prior year of the categories of miscellaneous funds received in the most recent year used in the average, multiplied by the ratio of the uniform rate of tax of 25 mills to the total mills for the district).

School District Budget and Tax Rate Procedures/Sources of Local Revenue (2010-11):
6-20-2202 Budget and expenditure report: All 239 districts are fiscally independent. There is no legal limit to the number of mills that may be levied for school purposes. There is established a uniform rate of ad valorem property tax of 25 mills to be levied on the assessed value of all taxable real, personal, and utility property in the state to be used solely for the maintenance and operation of the schools (Const. Art. 14, Sec. 3, as amended by Const. Amend. 11, Const. Amend. 40, and Const. Amend. (b)(1)). To increase the tax rate for schools, a simple majority vote is required. There is a limit of one millage election per year for requests for tax increase, decrease, or no change to tax rate. The majority of local revenues derive from the property tax.

State Support for Nonpublic Schools (2010-11)
Does not apply.