



## ARKANSAS

### Description of the Formula

**6-20-2305 School funding:** (a) (1) For each school year, each school district shall receive state foundation funding aid computed as the foundation funding amount under subdivision (a)(2) of this section less the sum of 98% of the uniform rate of tax multiplied by the property assessment of the school district. An amount of miscellaneous funds of the school district calculated under § 6-20-2308. (B) For the 2014-2015 school year and each school year thereafter, the foundation funding amount is equal to six thousand five hundred twenty-one dollars (\$6,521) multiplied by the school district's average daily membership for the previous school year.(4)(A)(i)

Except as provided in subdivisions (a)(4)(C) and (D) of this section, by the end of each school fiscal year, for a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education shall distribute to the school district the difference between the net revenues distributed to the school district as reported under § 26-80-101(b)(4)(A)(ii) for the calendar year immediately preceding the current school year; and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district. For a school district whose net revenues are more than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education, under the authority of § 6-20-2306, shall recoup from the school district an amount equal to the difference between the net revenues of the school district and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

The Department of Education shall not distribute to a school district the funds under subdivision (a)(4)(A)(i) of this section if, regardless of the school district's tax collection rate, the school district's net revenues meet or exceed the foundation funding amount set forth in § 6-20-2305(a).

### District-Based Components

#### **Density/Sparsity of Small Schools (2014-15):**

**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 services. (b) An isolated school district shall be eligible to receive isolated funding under this section if: (1) The district's budget is prepared by the school district with Department of Education approval; (2) The school district has a prior-year three-quarter ADM of less than 350; and (3) The school district and each school within the school district meets the minimum standards for accreditation of public schools prescribed by law and regulation. (c) 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. (2) There are 2 categories of isolated funding: (A) Category I isolated funding shall be provided to all school districts that qualify under this section and shall be calculated as 350 minus the prior-year three-quarter ADM divided by 850 multiplied by the prior-year three-quarter ADM and multiplied by the per-student foundation funding amount under § 6-20-2305(a)(2); and (B) Category II isolated funding shall be additionally provided to those school districts that qualify under this section and have a prior-year three-quarter 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) Except as provided under subdivision (e)(2) of this section, a school district that qualifies under § 6-20-601 to receive additional state aid because its prior-year three-quarter ADM is less than 350 is not eligible to receive funding under this section. A school district may elect to receive funding under this section in lieu of funding under § 6-20-601 if the school district qualifies for funding under § 6-20-601 and for funding under this section. (i)(1)(A) If all of an isolated school area in a school district is closed, the school district shall receive funding based on the prior year three-quarter ADM of the isolated school area. (B) If part of an isolated school area in a school district is closed, the school district funding is based on the prior-year three-quarter ADM of the part of the isolated school area that remains open. (C) Funding received by a school district under this subsection is restricted for use at the closed isolated school area or for transporting students of the closed isolated school area to another school in the district. (2) If a closed isolated school area is subsequently used by the school district for an alternative learning environment program or other regular classroom teaching, the school district using the now

closed isolated school area may submit prior-year three-quarter average daily membership to the state to request funding under this section.

**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 (2014-15)**

Does not apply.

#### **Declining Enrollment or Student Growth (2014-2015):**

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 \$6,521; 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 (2014-15):**

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. *The last year funding is disbursed in the ten-year phase out is FY15.* (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. *The last year funding is disbursed in the ten-year phase out is FY15.*

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

## **Transportation (2014-15)**

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).

## **Charter Schools**

### 6-23-501. Funding for open-enrollment public charter schools.

(a) (1) An open-enrollment public charter school shall receive funds equal to the amount that a public school would receive under § 6-20-2305(a) and (b) as well as any other funding that a public charter school is entitled to receive under law or under rules promulgated by the State Board of Education.

(2) (A) For the first year of operation and for the first year the open-enrollment public charter school adds a new grade, the foundation funding and enhanced educational funding for an open-enrollment public charter school is determined as follows:

(i) The initial funding estimate shall be based on enrollment as of July 1 of the current school year;

(ii) In December, funding will be adjusted based upon the first quarter average daily membership; and

(iii) A final adjustment will be made after the current three-quarter average daily membership is established.

(B) For the second year and each school year thereafter, the previous year's average daily membership will be used to calculate foundation funding and any enhanced educational funding amounts.

(3) National school lunch state categorical funding under § 6-20-2305(b)(4) shall be provided to an open-enrollment public charter school as follows:

(A) For the first year of operation and in any year when a grade is added, free or reduced-price meal eligibility data as reported by October 1 of the current school year will be used to calculate the national school lunch state categorical funding under the state board rules governing special needs funding; and

(B) For the second year and each school year of operation thereafter, the previous year's October 1 national school lunch student count as specified in state board rules governing special needs funding will be used to calculate national school lunch state categorical funding for the open-enrollment public charter school.

(4) Professional development funding under § 6-20-2305(b)(5) shall be provided to an open-enrollment public charter school for the first year of operation and in any year in which a grade is added as follows:

(A) (i) In the first year of operation the open-enrollment public charter school shall receive professional development funding based upon the initial projected enrollment student count as of July 1 of the current school year multiplied by the per-student professional development funding amount under § 6-20-2305(b)(5) for that school year.

(ii) For the second year and each school year thereafter, professional development funding will be based upon the previous year's average daily membership multiplied by the per-student professional development funding amount for that school year.

(5) The Department of Education shall distribute other categorical funding under § 6-20-2305(a) and (b) for which an open-enrollment public charter school is eligible as provided by state law and rules promulgated by the state board.

## Student-Based Components

### Special Education (2014-015)

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.

### Low Income / Comp Ed / At-Risk (2014-15)

6-20-2305 School funding: (2)(A) (ii) (ii) For the 2014-2015 school year and each school year thereafter, alternative learning environment funding shall be four thousand three hundred eighty-three dollars (\$4,383) multiplied by the number of identified alternative learning environment students enrolled during the previous school year.

6-20-2305 School funding: (4)(A) National school lunch state categorical funding for each identified national school lunch student shall be as follows:

(i) For a school district in which ninety percent (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 is one thousand five hundred forty-nine dollars (\$1,549);

(ii) For school districts in which at least seventy percent (70%) but less than ninety percent (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 is one thousand thirty-three dollars (\$1,033); and

(iii) For school districts in which less than seventy percent (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 is five hundred seventeen dollars (\$517).

(B) (i) (a) Except as provided under subdivision (b)(4)(B)(i)(c) of this section, 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.

6.04.2 The amount of national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305(b)(4)(A) shall be increased or decreased in each year of a three-year transition period by one-third (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 Ark. Code Ann. § 6-20-2305(b)(4)(A).

6.04.3 The method of transition for a school district that experiences a decrease in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of a decrease in national school lunch state categorical funding per student from \$1,549 in the immediately preceding year to \$1,033 in the current year:

For illustrative purposes:

- Year one (current year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,377 ( $\$1,549 - \$172$ ).
- Year two of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,205 ( $\$1,377 - \$172$ ).
- Year three (final year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,033 ( $\$1,205 - \$172$ ).

6.04.4 The method of transition for a school district that experiences an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of an increase in national school lunch state categorical funding per student from \$1,033 in the immediately preceding year to \$1,549 in the current year:

For illustrative purposes:

- Year one (current year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,205 ( $\$1,033 + \$172$ ).
- Year two of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,377 ( $\$1,205 + \$172$ ).
- Year three (final year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,549 ( $\$1,377 + \$172$ ).
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6.04.5 The method of transition for a school district that, within a three-year period, experiences both a decrease and an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following two examples:

6.04.5.1 In the first example, a school district experiences an increase in national school lunch state categorical funding per student from \$1,033 in the immediately preceding year to \$1,549 in

the current year, and a decrease to \$1,033 in the following year. In this instance, the transition is completed in two years rather than three.

For illustrative purposes:

- Year one (current year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,205 (\$1,033 + \$172).
- Year two (final year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,033 (\$1,205 - \$172).

6.04.5.2 In the second example, a school district experiences a decrease in national school lunch state categorical funding per student from \$1,033 in the immediately preceding year to \$517 in the current year, no change in the second year, and an increase to \$1,033 in the third year. In this instance, the transition is completed in four years rather than three.

For illustrative purposes:

- Year one (current year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$861 (\$1,033 - \$172).
- Year two of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$689 (\$861 - \$172).
- Year three of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$861 (\$689 + \$172).
- Year four (final year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is \$1,033 (\$861 + \$172).

### 6.03 National School Lunch State Growth Funding

6.03.1 The ADE shall use the Cycle 2 enrollment data for the previous four years to calculate a three-year trend in district enrollment.

6.03.2 If a district has grown at least one percent for each of the three previous years, it shall qualify for National School Lunch State Growth Funding.

6.03.3 Districts that qualify for funding shall receive National School Lunch State Growth Funding.

6.03.4 The funding shall be calculated as the three year average growth in enrollment multiplied by the district's previous year's percentage of students eligible for the United States Department of Agriculture's National School Lunch Program multiplied by the per student funding amount determined in Section 6.01.

(F) (i) By June 30, 2012, and by June 30 of each year thereafter, a school district shall spend a minimum of eighty-five percent (85%) of the school district's annual national school lunch state categorical funding allocation as provided under subdivision (b)(4)(C) of this section.

(ii) A school district that on June 30, 2012, has a national school lunch state categorical funding balance in excess of fifteen percent (15%) of the school district's current year annual national school lunch state categorical funding allocation shall reduce its total national school lunch state categorical funding balance by at least ten percent (10%) each year so that by June

30, 2022, and by June 30 of each year thereafter, the school district has a balance of no more than fifteen percent (15%) of the school district's current year annual national school lunch state categorical funding allocation.

(2) On June 30, 2012, and on June 30 of each school year thereafter, if the total aggregate balance of all state categorical fund sources (NSL, ALE, ELL, PD) exceeds twenty percent (20%) of the school district's total aggregate annual state categorical fund allocations for the current school year, the school district shall reduce the total balance by ten percent (10%) each year until the school district's June 30 balance of aggregate annual categorical fund sources is twenty percent (20%) or less of the total aggregate annual state categorical fund allocations for the current school year.

(3) A school district may transfer funds received from any categorical fund source to another categorical fund source.

(4) (A) The Department of Education shall monitor on a yearly basis each school district's compliance with the requirements of this subsection.

(B) If a school district fails to comply with the requirements of this subsection during a school year, the Department of Education may in the following school year withhold from that school district's categorical funding allocation an amount equal to the amount required to be spent by the school district in order to be in compliance with the requirements of this subsection.

(C) The Department of Education may redistribute amounts withheld under this subsection to other school districts entitled to receive categorical funding allocations.

### **English Language Learner/Bilingual Education (2014-15)**

6-20-2305 School funding: (B) For the 2014-2015 school year and each school year thereafter, funding for students who are identified as English-language learners shall be three hundred seventeen dollars (\$317) for each identified English-language learner.

(C) 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 (2014-15)**

6-20-2208: (c) (6) Expend state and local revenues on gifted and talented programs:

(A) In an amount equal to fifteen hundredths (0.15) of the foundation funding amount multiplied by five percent (5%) of the school district's average daily membership for the previous year; and

(B) Only upon gifted and talented programs in accordance with rules promulgated by the state board.

### **Career and Technical Education**

6-20-2305 School funding: (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.

### **Preschool Education**

No response

**Other (2014-15):**

6-20-2305 (5) (A) (B) For the 2014-2015 school year and each school year thereafter, professional development funding shall be equal to an amount of up to thirty-two dollars and forty cents (\$32.40) multiplied by the school district's previous school year average daily membership. For fiscal year 2014-2015, each school district received \$26.67 multiplied by the school district's previous school year ADM. An additional \$3,500,000 of the statewide appropriation is expected to be spent for statewide professional development programs at the discretion of Commissioner of the ADE.

**Pupil Weights for Special Education Programs (2014-15)**

Does not apply.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases (2014-15)**

Does not apply.

**Property Assessment Ratios Used/Legal Standards for Property Assessment (2014-15)**

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 the State of Arkansas shall be 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. (b) (1) Except as provided in subdivision (b)(2) of this section, any county that has completed a reappraisal under subsection (a) of this section or completed a reappraisal between the years 2002 through 2004 shall not be required to commence or complete an additional reappraisal under the three-year cycle but shall be 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.

(2) (A) If, as a result of a three-year reappraisal cycle, the new market value real estate assessment is greater than fifteen percent (15%) from the market value real estate assessment in the county in the year preceding the beginning of the reappraisal cycle, the county shall be required to complete its next reappraisal at a minimum of one (1) time every three (3) years from

the previous assessment until the new market value real estate assessment is less than fifteen percent (15%) from the market value real estate assessment in the year preceding the beginning of the reappraisal cycle, at which point the county shall be placed into a five-year reappraisal cycle.

(B) If a county in a five-year reappraisal cycle has a new market value real estate assessment that is twenty-five percent (25%) greater than the market value real estate assessment in the county in the year preceding the beginning of the reappraisal cycle, the county shall be required to complete its next reappraisal at a minimum of one (1) time every three (3) years from the previous assessment until the new market value real estate assessment is less than fifteen percent (15%) from the market value real estate assessment in the year preceding the beginning of the reappraisal cycle, at which point the county shall be placed into a five-year reappraisal cycle.

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 (2014-15):**

Arkansas Code § 6-20-2305 (a)(1) (a) (1) (A) For each school year, each school district shall receive state foundation funding aid computed as the foundation funding amount under subdivision (a)(2) of this section (\$6,521 for FY 2014-15) less the sum of:

(i) Ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district; and

(ii) An amount of miscellaneous funds of the school district calculated under § 6-20-2308. (The aggregate amount of miscellaneous funds a school district received in the calendar year immediately preceding the beginning of the current school fiscal year; multiplied by the ratio of the uniform rate of tax to the school district's total millage rate in effect as of January 1 of the calendar year in which the school district received the miscellaneous funds)

(4) (A) (i) Except as provided in subdivisions (a)(4)(C) and (D) of this section, by the end of each school fiscal year, for a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education shall distribute to the school district the difference between:

(a) The net revenues distributed to the school district as reported under § 26-80-101(b)(4)(A)(ii) for the calendar year immediately preceding the current school year; and

(b) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

(ii) The Department of Education may distribute to the school district a lesser amount than required under subdivisions (a)(4)(A)(i)(a) and (b) of this section if after the lesser amount is distributed the school district will receive the foundation funding amount under § 6-20-2305(a).

(B) For a school district whose net revenues are more than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education, under the authority of § 6-20-2306, shall recoup from the school district an amount equal to the difference between:

- (i) The net revenues of the school district; and
- (ii) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

(C) The Department of Education shall not distribute to a school district the funds under subdivision (a)(4)(A)(i) of this section if, regardless of the school district's tax collection rate, the school district's net revenues meet or exceed the foundation funding amount set forth in § 6-20-2305(a).

**School District Budget and Tax Rate Procedures/Sources of Local Revenue (2014-15):**

6-20-2202 Budget and expenditure report: All 236 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 (2014-15)**

Does not apply.