

Arkansas

Funding Basics

Formula Type

Arkansas has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Arkansas' funding policy are students in certain grade levels; English-language learners; low-income students and students in high-poverty districts; students identified as gifted; students enrolled in career and technical education programs; students in alternative learning environments; and students enrolled in small, isolated, and sparsely populated districts.

Arkansas expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and the proceeds from other local taxes and certain federal revenues. Districts in Arkansas are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for English-language learners; low-income students; students in small, isolated, and sparsely populated districts; and students in alternative learning environments is provided in the form of per-pupil dollar allocations. Services for students identified as gifted, students in CTE programs, and students with high-cost disabilities are funded through program-specific allocations.

Base Amount

Arkansas has a fixed base funding amount per student. For FY2021, the per-student base amount was $7,018.

This means that an average student with no special needs or disadvantages would be funded at that level.

Local Revenue

Expected Local Share

Arkansas expects localities to contribute revenue to the funding of public schools. The amount each locality is expected to raise for its education costs is based on its property values and its revenue from other local sources: Each locality is expected to contribute $25.00 for every $1,000 of assessed local property wealth for the purpose of funding its school district, along with revenue from a variety of other sources, including local sales and use taxes.

Once the state calculates the total amount of funding necessary to educate students within a district, it estimates the value of 98% of what should be raised from the expected local tax rate and subtracts that amount. The state also subtracts the value of a variety of other, smaller local revenue sources (see "Other Local Taxes for Education" for a description of these additional sources of local revenue). Once these expected local contributions have been subtracted, the state provides the difference in the form of state education aid.

If a district's net revenues are less than 98% of the expected local contribution due to nonpayment or under collection, the state will provide the district with the difference between the past calendar year's net revenues, as reported to the state treasurer, and 98% of the amount that should have been generated by the expected tax rate of $25.00 for every $1,000 of assessed local property wealth. If the district's net revenues from this tax are greater than 98% of the expected local contribution due to higher collection rates, the state will recoup the difference.

Property Tax Floors and Ceilings

Arkansas sets a floor for local property tax rates, as well as a level above which voter approval is required. School districts are required to impose at least $25.00 for every $1,000 of assessed local property wealth, and they may impose a higher rate with voter approval.

School districts may levy a tax rate higher than the expected rate for general maintenance and operations, with voter approval. It is possible for an additional tax of up to $3.00 per $1,000 of assessed local property wealth to be designated for particular purposes, and in that case, the school district may use the revenues from that tax only for the specified purposes. Districts may also impose an additional tax for debt service, with voter approval.

Other Local Taxes for Education

School districts in Arkansas may receive local revenue from school district property taxes, county and municipal sales and use taxes dedicated for education, and several federal sources.

Though school districts cannot directly levy sales and use taxes, counties and municipalities in Arkansas may levy sales and use taxes for capital improvements. These revenues may be dedicated to public education. School districts may also receive revenues from federal lands, state severance taxes, and payments in lieu of taxes (PILOTs).

The funds that school districts receive from county and municipal sales and use taxes are included as part of the district's expected local contribution for the purposes of determining the state aid allocation. Revenues from state severance taxes; PILOTs; and federal sources including forest reserves, mineral rights, impact aid, and others are also included as part of a district's expected local contribution.

Student Characteristics

Grade Level

Arkansas provides different levels of funding for students in different grade levels. It does so through assumptions about the student-to-teacher ratio in classrooms at different grade levels and about the proportion of students expected to be in each grade level.

While funding is not actually apportioned to districts according to the cost of resources, assumptions about student-to-teacher ratios, salary costs, and other resource expenses are the foundation for the base per-student amount, which is set annually. For the purposes of setting its base per-student funding amount, Arkansas assumes that 8% of students will be in kindergarten, 23% of students will be in grades 1-3, and 69% of students will be in grades 4-12. It sets the expected student-to-teacher ratios at 20 to 1 in kindergarten, 23 to 1 in grades 1-3, and 25 to 1 in grades 4-12.

English-Language Learner

Arkansas provides increased funding for English-language learners. It does so in the form of a flat allocation for each English-language learner. This allocation equaled $352 in FY2021.

Students are identified as English-language learners based on their performance on a state-approved English proficiency assessment.

Poverty

Arkansas provides increased funding for students from low-income households at a level that differs depending on the concentration of low-income students in a district. It does so by providing an amount for every student eligible for free or reduced-price lunch (FRL) under the National School Lunch Program, with the precise award based on the concentration of such students in the district. Per-student awards ranged from $532 to $1,594 in FY2022 (see "Concentrated Poverty" for more information about this allocation).

FRL eligibility information is based on student counts from the previous school year. For districts and schools that do not collect student-level FRL eligibility information because the district or school is considered wholly eligible for free lunch under federal guidelines, the state computes the number of students eligible for increased funding by multiplying the percentage of students who were FRL eligible in the most recent year the information was collected by the district's or school's total enrollment for the previous school year.

Special Education

Arkansas does not provide increased funding for special education in most cases, and state funds are set aside only for students with extremely high-cost or atypical special needs.

Special education personnel needs are included in the set of cost assumptions that are factored in when setting the regular, per-student base amount (districts are expected to require 2.9 special education teachers for every 500 students), and funding is not separated out for special education except in extreme cases. The state reimburses districts for the costs associated with students in approved residential facilities within their borders and also provides reimbursement when the costs of educating a particular student with disabilities are equal to or greater than $15,000 per year. The amount of money available for reimbursement is dependent on appropriation. In FY2021, $13 million was available for reimbursement.

The state also provides some funding for extended-school-year services for special education students.

Gifted

Arkansas provides increased funding for gifted and talented students. It does so in the form of a grant.

The state budget sets aside money to support gifted and talented students. In FY2021, the state appropriated $1.49 million for this purpose. The state uses this money to provide grants to school districts with outstanding gifted and talented programs. Some of the money is also used to fund a summer program for gifted and talented youth.

Career and Technical Education

Arkansas provides increased funding for career and technical education (CTE) programs. It does so through an allocation for each student enrolled in these programs and through a grant program.

The state provides funding for every student enrolled in a secondary vocational area center. Funding is provided in three tiers based on the costs for the individual program of study in which the student is enrolled and based on the current workforce needs of the state. Arkansas also provides start-up grants to school districts to purchase equipment necessary to initiate new vocational programs.

Separately, the funding provided to districts based on the concentrations of students from low-income households that they serve may be used, among other purposes, to fund participation in the College and Career Coaches Program, which currently is not otherwise funded, and to support dual-enrollment partnerships with higher education institutions offering CTE courses to high school students.

District Characteristics

Concentrated Poverty

Arkansas provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so by providing an amount for every student eligible for free or reduced-price lunch (FRL) under the National School Lunch Program, with the precise award based on the concentration of such students in the district. Per-student awards ranged from $526 to $1,576 in FY2021.

For FY2022, eligible students in school districts whose populations were less than 70% FRL eligible were funded at $532 per pupil, eligible students in school districts whose populations were between 70% and 90% FRL eligible were funded at $1,063 per pupil, and eligible students in school districts whose populations were at least 90% eligible were funded at $1,594 per pupil. The funding must be spent on approved programs or purposes, including, but not limited to, classroom teachers and other personnel, before- and after-school programs, and extended learning time.

FRL eligibility information is based on student counts from the previous school year. For districts and schools that do not collect student-level FRL eligibility information because the district or school is considered wholly eligible for free lunch under federal guidelines, the state computes the number of students eligible for increased funding by multiplying the percentage of students who were FRL eligible in the most recent year the information was collected by the district's or school's total enrollment for the previous school year. The state also provides a small amount of additional funding for districts that have seen at least 1% year-over -year growth in enrollment in each of the previous three years; the amount of the funding is based on the district's percentage of students eligible for FRL.

Sparsity and/or Small Size

Arkansas provides increased funding for school districts that are small, isolated, and sparse. It does so in three ways: by providing supplemental funding to small, isolated districts; by providing further supplemental funding for districts that are small, isolated, and sparse; and by dividing certain transportation funding among these districts.

The supplemental funding provided in small and isolated districts is determined through a formula based on the enrollment of the district. Per-pupil supplemental dollar amounts can range from $8.26 to $2,881.51, with larger allocations for isolated districts with fewer students. These amounts are reduced in districts whose per-student funding levels exceed the formula amount. Small and isolated districts that are also especially sparse—those with fewer than 1.2 students per square mile—receive 50% more funding than the supplemental amount already calculated. However, for school districts that have been involved in consolidations, annexations, or other border changes—the majority of isolated districts—state law specifies an alternative per-student funding amount that is different for each district. Additionally, any funding remaining from the state appropriation for isolated school districts after these allocations are made is divided evenly among eligible school districts and must be used for transportation costs.

Arkansas defines an "isolated school district" as one that meets any four of the following five 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 fewer than 3 students per square mile of area; (3) the total area of the district is 95 square miles or greater; (4) less than 50% of bus route miles is on hard-surfaced roads; and (5) geographic barriers such as lakes, rivers, and mountain ranges would impede travel to schools that otherwise would be appropriate for consolidation, cooperative programs, and shared services.

Charter Funding

Funding for charter schools in Arkansas is calculated based on a formula similar to the one used to calculate funding for traditional public schools.

Like traditional public schools, charter schools are funded through a student-based funding formula that considers the characteristics of students they educate. Charter schools that were converted from traditional public schools are funded by their school district in the same way as traditional public schools in their district. Charter schools that had not previously existed as traditional public schools also receive funding from the state in an amount equal to what a traditional public school district would receive under the state's funding formula. This includes any additional funding generated by students in special programs and need categories.

Some charter schools in Arkansas receive a share of local tax revenue, while other charter schools receive state funding that may be meant to replace local funding. Charter schools that converted from being a traditional public school receive a share of tax revenue raised by local school districts. Charter schools that had not previously existed as traditional public schools do not receive a share of tax revenue raised by local school districts and instead receive state funding that may be meant to replace local funding.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org

edbuild