

# FundEd: Arkansas Report

## A Detailed Look at Arkansas's Funding Policies



## Arkansas



### Funding Basics

#### Formula Type

Arkansas has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by adding supplemental dollar amounts to the base amount for each student in those categories and through program-specific allocations.

The categories of students generating supplemental funding in Arkansas are English-language learners, low-income students, students enrolled in career and technical education programs, and students enrolled in alternative learning environments. Services for students identified as gifted, students in sparsely populated districts, and highly disabled students are funded through program-specific allocations.

#### Base Amount

Arkansas has a fixed base funding amount per student. For FY2018, the per-student base amount was \$6,713. 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 one 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. (See “Other Local Taxes for Education” for a description of these additional sources of local revenue.)

Once the state calculates the total amount of funding necessary to educate students within a district, it estimates the value of 98% of the expected local contribution, subtracts that amount, and provides the difference in the form of state education aid.

If a district's net revenues are less than the estimated value of 98% of the expected local contribution due to nonpayment or under-collection, the state will provide the district with the difference between the last 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. Further, if a district's net revenues exceed the entire amount of funds calculated by the state through the funding formula to be necessary to educate its students, that district receives no state funds.

## 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 may impose a higher rate with voter approval.

School districts may levy a tax rate higher than the expected rate for maintenance and operations with voter approval. They 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 from county and municipal sales and use taxes dedicated for education, as well as from revenue from severance taxes 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, severance taxes, and payments in lieu of taxes.

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

## District 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 costs 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 to 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 (ELLs). It does so in the form of a flat allocation for each ELL. This allocation equaled \$338 in FY2018.

Students are identified as ELLs 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 their 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 \$526 to \$1576 in FY2018.

For FY2018, eligible students in school districts whose populations were less than 70% FRL-eligible were funded at \$526 apiece; eligible students in school districts whose populations were between 70% and 90% FRL-eligible were funded at \$1,051 apiece; and eligible students in school districts whose populations are at least 90% eligible are funded at \$1,576 apiece.

FRL eligibility information is based on student counts from the previous school year. School districts moving from one funding level to another are transitioned to the new level over a three-year period. The state also provides a small amount of additional funding for districts experiencing at least 1% year-on-year growth in their FRL-eligible population.

## Special Education

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

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. In FY2017, \$11 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 throughout the state. 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 a flat allocation for each student enrolled in these programs, through allocations proportional to enrollment, and through a competitive grant.

Since 2003, the state has appropriated \$20.1 million each year for secondary career centers which is distributed in two ways: First, the state provides \$3,250 for every student enrolled in a career center based on the previous year's enrollment. This funding is passed through districts to vocational centers. Secondly, the state distributes the remainder of that year's appropriation directly to the vocational center based on their student count.

Arkansas also provides start-up grants to school districts to purchase equipment necessary to start new vocational programs.

## Sparsity and/or Small Size

Arkansas provides increased funding for school districts with isolated schools. It does so in three ways: by applying a multiplier to the base per-pupil amount for students in these districts that varies depending on the characteristics of the district; by providing a per-pupil amount for each student in these districts; and by dividing certain transportation funding among these districts.

The multipliers applied to the base per-pupil amount for this purpose range from 1.05 for small school districts that are not classified as isolated to 1.2 for the most sparsely populated, isolated school areas within a school district. Per-pupil amounts for students in isolated districts are specified in statute for each district and ranged from \$1 to \$2,219 per pupil in FY2017. Any transportation funding remaining from the state appropriation after other transportation costs are covered is divided evenly among school districts that receive certain categories of isolated funding.

Arkansas defines an "isolated school district" as one that meets any four of the following five criteria: (1) There is a distance of twelve 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 three students per square mile of area; (3) The total area of the district is ninety-five square miles 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 that would impede travel to schools that otherwise would be appropriate for consolidation, cooperative programs, and shared services.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

