

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

SENATE BILL 298

5 By: Senator J. English
6 By: Representative Cozart
7

For An Act To Be Entitled

9 AN ACT TO DISCONTINUE THE PROVISION OF DECLINING
10 ENROLLMENT FUNDING FOR PUBLIC SCHOOL DISTRICTS; TO
11 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
12
13

Subtitle

15 TO DISCONTINUE THE PROVISION OF DECLINING
16 ENROLLMENT FUNDING FOR PUBLIC SCHOOL
17 DISTRICTS; AND TO DECLARE AN EMERGENCY.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. DO NOT CODIFY. Findings.

23 The General Assembly finds that:

24 (1) Declining enrollment funding was created to support public
25 school districts with a decrease in student population by offsetting the
26 decrease in foundation funding due to the loss of students;

27 (2) In "A Report on Legislative Hearings for the 2006 Interim
28 Study on Educational Adequacy", the issue of declining enrollment funding was
29 extensively discussed, and the Adequacy Study Oversight Subcommittee
30 recommended that declining enrollment funding be continued for the 2007-2008
31 and 2008-2009 school years to allow the General Assembly to assess the
32 effectiveness of declining enrollment funding;

33 (3) In "A Report on Legislative Hearings for the 2008 Interim
34 Study on Educational Adequacy", "A Report on Legislative Hearings for the
35 2010 Interim Study on Educational Adequacy", and "A Report on Legislative
36 Hearings for the 2012 Interim Study on Educational Adequacy", rather than



1 conducting a complete evaluation of the effectiveness of declining enrollment
2 funding, the House Committee on Education and the Senate Committee on
3 Education reviewed the number of public school districts receiving declining
4 enrollment funding and the aggregate funding amount;

5 (4) In "A Report on Legislative Hearings for the 2014 Interim
6 Study on Educational Adequacy", "Final Report on the Legislative Hearings for
7 the 2016 Educational Adequacy Study" of the Senate Committee on Education,
8 and "Final Report on the Legislative Hearings for the 2016 Educational
9 Adequacy Study" of the House Committee on Education, a more thorough analysis
10 of declining enrollment funding and expenditures was performed by the Bureau
11 of Legislative Research;

12 (5) "A Report on Legislative Hearings for the 2014 Interim Study
13 on Educational Adequacy", "Final Report on the Legislative Hearings for the
14 2016 Educational Adequacy Study" of the Senate Committee on Education, and
15 "Final Report on the Legislative Hearings for the 2016 Educational Adequacy
16 Study" of the House Committee on Education demonstrated, as evidenced by
17 full-time employee calculations and the declining enrollment fund balances,
18 that declining enrollment funding was not being used for its intended purpose
19 as a cushion to allow the public school district to adjust staffing and
20 operations to the decline in average daily membership; and

21 (6) The policy decision to discontinue declining enrollment
22 funding is justified for the following reasons:

23 (A) Public school districts receive foundation funding
24 based on the prior year's average daily membership of the first three (3)
25 quarters of the school year, which provides a built-in cushion in a current
26 school year should there be a decline in student enrollment;

27 (B) The multi-year spending patterns of public school
28 districts receiving declining enrollment funding do not demonstrate the need
29 for declining enrollment funding as a supplement to the foundation funding;
30 and

31 (C) The fact that declining enrollment fund balances have
32 grown to more than eighteen million dollars (\$18,000,000) as of 2015-2016
33 does not demonstrate the need for declining enrollment funding as a
34 supplement to the foundation funding.

35
36 SECTION 2. Arkansas Code § 6-20-1204(e)(1)(B), concerning the

1 definition of "state funding" in the context of school bonds, is repealed.

2 ~~(B) Declining enrollment funding;~~

3
4 SECTION 3. Arkansas Code § 6-20-2203(c)(4)(A)(ii), concerning
5 categories and descriptions of public school and public school district
6 expenditures, is repealed.

7 ~~(ii) Declining enrollment;~~

8
9 SECTION 4. Arkansas Code § 6-20-2303(5), concerning the definition of
10 "declining enrollment funding" in the Public School Funding Act of 2003, is
11 repealed.

12 ~~(5) "Declining enrollment funding" means the amount of state~~
13 ~~financial aid provided to an eligible school district from funds made~~
14 ~~available for the decline in the average daily membership of the school~~
15 ~~district in the preceding school year compared to the school year before the~~
16 ~~preceding school year;~~

17
18 SECTION 5. Arkansas Code § 6-20-2305(a)(3), concerning declining
19 enrollment and special needs isolated funding, is repealed.

20 ~~(3)(A) A school district that has experienced a decline in~~
21 ~~average daily membership over the two (2) immediately preceding school years~~
22 ~~shall receive:~~

23 ~~(i) Declining enrollment funding equal to the~~
24 ~~difference between the average of the two (2) immediately preceding years'~~
25 ~~average daily memberships and the average daily membership for the previous~~
26 ~~school year multiplied by the amount of foundation funding set forth in~~
27 ~~subdivision (a)(2) of this section; or~~

28 ~~(ii) Special needs isolated funding under § 6-20-~~
29 ~~604.~~

30 ~~(B) Any funding appropriated and available for declining~~
31 ~~enrollment funding under subdivision (a)(3)(A)(i) of this section or special~~
32 ~~needs isolated funding under § 6-20-604 that is not distributed under~~
33 ~~subdivision (a)(3)(A) of this section shall be prorated and distributed~~
34 ~~equally per average lost student to school districts that meet the~~
35 ~~qualifications for both declining enrollment funding under subsection~~
36 ~~(a)(3)(A)(i) of this section and special needs isolated funding under § 6-20-~~

1 604.

2 ~~(C) No school district shall receive both declining~~
3 ~~enrollment funding under subdivision (a)(3)(A)(i) of this section and student~~
4 ~~growth funding under subsection (c) of this section.~~

5
6 SECTION 6. Arkansas Code § 10-3-2102(h)(1)(C), concerning the review
7 of certain expenditures as part of the biennial adequacy study, is repealed.

8 ~~(C) Declining enrollment funding;~~

9
10 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the
11 General Assembly of the State of Arkansas that evidence shows that public
12 school districts receiving declining enrollment funding do not expend the
13 funding for its intended purpose; that discontinuing the provision of
14 declining enrollment funding is justified based on declining enrollment
15 funding and expenditure reports of the 2014 and 2016 adequacy studies; and
16 that this act is immediately necessary to allow public school districts to
17 properly budget based on the discontinuance of declining enrollment funding
18 in the 2017-2018 school year. Therefore, an emergency is declared to exist,
19 and this act being immediately necessary for the preservation of the public
20 peace, health, and safety shall become effective on:

21 (1) The date of its approval by the Governor;

22 (2) If the bill is neither approved nor vetoed by the Governor,
23 the expiration of the period of time during which the Governor may veto the
24 bill; or

25 (3) If the bill is vetoed by the Governor and the veto is
26 overridden, the date the last house overrides the veto.