

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: H3/8/17
A Bill

HOUSE BILL 1936

By: Representative Lowery

For An Act To Be Entitled

AN ACT TO REVISE THE ACADEMIC FACILITIES WEALTH
INDEX; AND FOR OTHER PURPOSES.

Subtitle

TO REVISE THE ACADEMIC FACILITIES WEALTH
INDEX.

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

SECTION 1. Arkansas Code § 6-20-2502(1), concerning the definition of "academic facilities wealth index" in the Arkansas Public School Academic Facilities Funding Act of 2007, is amended to read as follows:

(1)(A) "Academic facilities wealth index" means ~~a percentage derived from the following computations~~ the sum of the following, divided by seven:

(i) Four (4) multiplied by the value of one (1) mill per student index under subdivision (1)(B) of this section;

(ii) Two (2) multiplied by the net legal balance per student index under subdivision (1)(C) of this section; and

(iii) The building fund balance per student index under subdivision (1)(D) of this section.

(B)(i) The value of one (1) mill per student index is as follows:

~~(i)~~(a) Determine the value of one (1) mill per student in each school district as follows:

~~(a)~~(1) Multiply the value of one (1) mill by the total assessed valuation of taxable real, personal, and utility



property in the school district as shown by the applicable county assessment for the most recent year; and

~~(b)(2)~~ Divide the product from subdivision ~~(1)(A)(i)(a)~~ (1)(B)(i)(a)(1) of this section by the greater of the prior year average daily membership of the school district or the prior three-year average of the school district's average daily membership;

~~(ii)(b)~~ Determine student millage rankings by listing the computation under subdivision ~~(1)(A)(i)~~ (1)(B)(i)(a) of this section for each school district from students with the lowest value per mill to students with the highest value per mill;

~~(iii)(c)~~ Allocate the student millage rankings into percentiles with the first percentile containing the one percent (1%) of students with the lowest value per mill and the one-hundredth percentile containing the one percent (1%) of students with the highest value per mill; and

~~(iv)(d)~~ Divide the value of one (1) mill per student in each school district as computed under subdivision ~~(1)(A)(i)~~ (1)(B)(i)(a) of this section by the amount corresponding to the ninety-fifth percentile of the student millage rankings under subdivision ~~(1)(A)(iii)~~ (1)(B)(i)(c) of this section.

(ii) Every school district with a value of one (1) mill per student index of one (1.00) or greater will be designated as having the same value of one (1) mill per student index as the first school district with a value of one (1) mill per student index below one (1.00), except that the value of one (1) mill per student index under this subdivision (1)(B)(ii) will not be less than nine hundred ninety-five thousandths (.995).

(C)(i) The net legal balance per student index is as follows:

(a) Determine the net legal balance per student in each school district as follows:

(1) Multiply the year end net legal balance of the prior school year; and

(2) Divide the product from subdivision (1)(C)(i)(a)(1) of this section by the greater of the prior year average daily membership of the school district or the prior three-year average of the school district's average daily membership;

(b) Determine the net legal balance per student rankings by listing the computation under subdivision (1)(C)(i)(a) of this section for each school district from students with the lowest net legal balance to students with the highest net legal balance;

(c) Allocate the net legal balance rankings into percentiles with the first percentile containing the one percent (1%) of students with the lowest net legal balance and the one-hundredth percentile containing the one percent (1%) of students with the highest net legal balance; and

(d) Divide the net legal balance per student in each school district as computed under subdivision (1)(C)(i)(a) of this section by the amount corresponding to the ninety-fifth percentile of the student net legal balance rankings under subdivision (1)(C)(i)(c) of this section.

(ii) Every school district with a net legal balance per student index of one (1.00) or greater will be designated as having the same net legal balance per student index as the first school district with a net legal balance per student index below one (1.00), except that the net legal balance per student index under this subdivision (1)(C)(ii) will not be less than nine hundred ninety-five thousandths (.995).

(D)(i) The building fund balance per student index is as follows:

(a) Determine the year end building fund balance per student in each school district as follows:

(1) Multiply the year-end building fund balance of the prior year; and

(2) Divide the product from subdivision (1)(D)(i)(a)(1) of this section by the greater of the prior year average daily membership of the school district or the prior three-year average of the school district's average daily membership;

(b) Determine student building fund balance rankings by listing the computation under subdivision (1)(D)(i)(a) of this section for each school district from students with the lowest building fund to students with the highest building fund;

(c) Allocate the student millage rankings into percentiles with the first percentile containing the one percent (1%) of

students with the lowest building fund balance and the one-hundredth percentile containing the one percent (1%) of students with the highest building fund balance; and

(d) Divide the building fund balance per student in each school district as computed under subdivision (1)(D)(i)(a) of this section by the amount corresponding to the ninety-fifth percentile of the student building fund balance rankings under subdivision (1)(D)(i)(c) of this section.

(ii) Every school district with a building fund balance per student index of one (1.00) or greater will be designated as having the same building fund balance per student index as the first school district with a building fund balance per student index below one (1.00), except that the building fund balance per student index under this subdivision (1)(D)(ii) will not be less than nine hundred ninety-five thousandths (.995).

~~(B)(E)~~ Every school district with a wealth index of one (1.00) or greater will be funded at the same level as the first school district with a wealth index below one (1.00), except that funding under this subdivision ~~(1)(B)(1)(E)~~ will not exceed the amount of funding provided for a wealth index of nine hundred ninety-five thousandths (.995).

~~(C)(i)(F)(i)~~ The percentage derived from the computation under subdivision ~~(1)(A)(iv)(1)(A)~~ of this section is the academic facilities wealth index for a school district, which shall be computed annually and used to determine the amount of the school district's share of financial participation in a local academic facilities project eligible for state financial participation under priorities established by the Division of Public School Academic Facilities and Transportation.

(ii) The state's share of financial participation in a local academic facilities project eligible for state financial participation under priorities established by the division is the percentage derived from subtracting the school district's percentage share of financial participation determined under subdivision ~~(1)(C)(i)(1)(F)(i)~~ of this section from one hundred percent (100%);

SECTION 2. Arkansas Code § 6-20-2502, concerning definitions in the Arkansas Public School Academic Facilities Funding Act, is amended to add

additional subdivisions to read as follows:

(13) "Net legal balance" means the:

(A) Combined balance for a public school district's teacher's salary fund, operating fund, and debt services fund; minus

(B) Combined balance for the following funds for a public school district's categorical funding:

(i) National school lunch fund;

(ii) Alternative learning environment fund;

(iii) English language learner fund; and

(iv) Professional development fund; minus

(C) Escrow balance restricted for the retirement of federal qualified bonds.

SECTION 3. DO NOT CODIFY. Section 1 of this act shall be effective beginning with the 2019-2021 project funding cycle for state financial participation under the Arkansas Public School Academic Facilities Funding Act, § 6-20-2501 et seq.

/s/Lowery