

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

State of Arkansas
92nd General Assembly
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As Engrossed: S3/18/19 H4/3/19 H4/3/19

A Bill

SENATE BILL 535

By: Senators B. Johnson, E. Cheatham

By: Representatives Murdock, Dotson

For An Act To Be Entitled

AN ACT CONCERNING THE ACADEMIC FACILITIES WEALTH INDEX; TO REVISE THE METHOD BY WHICH THE ACADEMIC FACILITIES WEALTH INDEX IS CALCULATED; AND FOR OTHER PURPOSES.

Subtitle

TO REVISE THE METHOD BY WHICH THE ACADEMIC FACILITIES WEALTH INDEX IS CALCULATED.

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

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

(1)(A) For fiscal years 2024-2025 and each year thereafter, "~~Academic~~ academic facilities wealth index" means a percentage derived from the following computations:

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

(a) 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) Divide the product from subdivision (1)(A)(i)(a) of this section by the largest average daily membership of a



school district over the previous decade;

(ii)(a) Calculate each school district's relative median income by dividing the household median income for the area served by each school district by the household median income of the school district with the highest household median income.

(b) The household median income used in subdivision (1)(A)(ii)(a) of this section shall be the household median income as estimated by the United States Bureau of the Census's American Community Survey;

(iii) Calculate the median income per mill value by multiplying each school district's value of one (1) mill per student as calculated under subdivision (1)(A)(i) of this section by the school district's relative median income as calculated under subdivision (1)(A)(ii)(a) of this section; and

(iv) Identify the school district at the ninety-fifth percentile according to the value calculated under subdivision (1)(A)(iii) of this section by:

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

~~(a) 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) Divide the product from subdivision (1)(A)(i)(a) 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)(a) Determine Determining student millage rankings by listing the ~~computation~~ median income per mill value under subdivision ~~(1)(A)(i)~~ (1)(A)(iii) of this section for each school district from ~~students~~ districts with the lowest ~~value~~ median income per mill value to ~~students~~ school districts with the highest ~~value~~ median income per mill value;

(iii)(b) Allocate Allocating the student millage rankings into percentiles with the first percentile containing the one percent (1%) of students based on the prior year average daily membership

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

(d) 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)(A)(iv)(d) shall not exceed the amount of funding provided to a school district with a wealth index of nine hundred and ninety-five one-thousandths (0.995).

(B) For fiscal years 2022-2023, "academic facilities wealth index" means a percentage derived from the following computations:

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

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

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

(iii) 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;

(iv) Divide the value of one (1) mill per student in each school district as computed under subdivision (1)(B)(i) of this section by the amount corresponding to the ninety-fifth percentile of the student

millage rankings under subdivision (1)(B)(iii) of this section.

(v) 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)(v) shall not exceed the amount of funding provided to a school district with a wealth index of nine hundred and ninety-five one-thousandths (0.995).

(vi) Subtract the academic facilities wealth index as determined under subdivisions (1)(B)(iv) and (1)(B)(v) of this section from the academic facilities wealth index as determined under subdivision (1)(A)(iv) of this section;

(vii) Divide the result from subdivision (1)(B)(vi) of this section by two (2); and

(viii) Add the value from subdivision (1)(B)(iv) of this section with the number calculated in subdivision (1)(B)(vii) of this section.

~~(B) 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) will not exceed the amount of funding provided for a wealth index of nine hundred ninety five thousandths (0.995).~~

(C)(i) The percentage derived from the computation under subdivision (1)(A)(iv) 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) of this section from one hundred percent (100%).

(D) A school district identified as a high-growth school district as defined in § 6-20-2511 shall receive the lesser of the wealth

index as calculated under the formulas under subdivision (1)(A) and (1)(B) of this section until the school district fails to meet the definition of a high-growth school district as defined in § 6-20-2511 for two (2) consecutive years;

/s/B. Johnson