

Arkansas School Finance Manual



2016-2017



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Fiscal and Administrative Services consists of six units that monitor various state and federal fiscal programs; calculates and distributes funding; monitors fiscal and financial stability; provides guidance on policies, rules and regulations; and prepares statistical data and financial reports. The division also assists with amendments to laws, rules, procedures, and policies regarding education finance.

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The Department of Education Fiscal and Administrative Services Division produces numerous financial reports related to Arkansas Public Schools. They are available here to the public. Click on the desired category to the right to access the data.

If a desired report is not found, please check the APSCN website at www.apscn.org.

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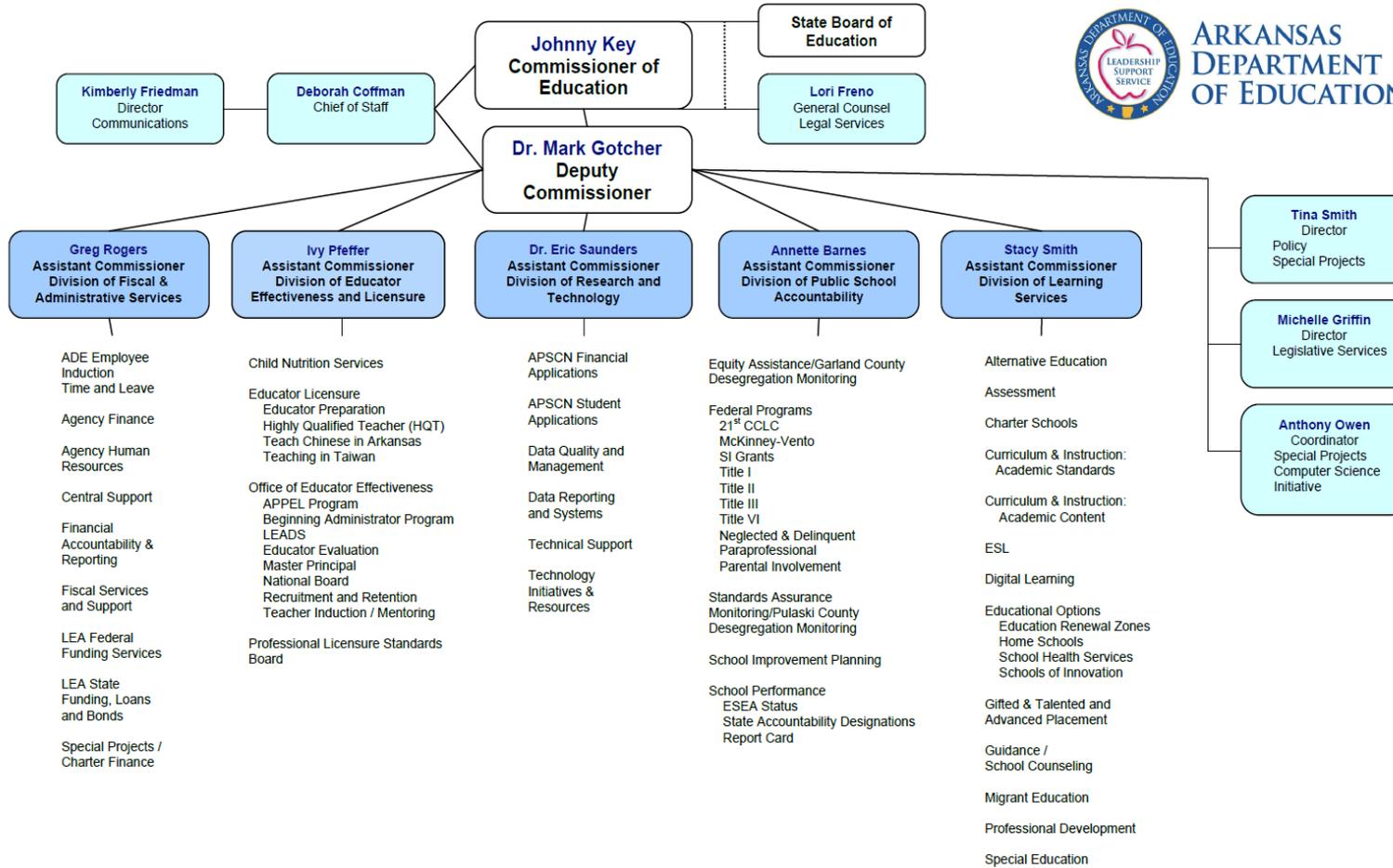
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ADE	Arkansas Department of Education
APPEL	Arkansas Professional Pathway to Educator Licensure
APSCN	Arkansas Public School Computer Network
CCLC	Century Community Learning Centers
ESEA	Elementary Secondary Education Act
LEA	Local Educational Agency
LEADS	Leader Excellence and Development System



School Finance Manual

Purpose – The purpose of the manual is to provide guidance and resources for school districts to become better informed and enable fiscally responsible practices. As laws, rules and procedures change, the information contained in this manual will be revised. This manual is not fully comprehensive of the rules, regulations and funding sources available for districts. As a result, this manual should only be used as a reference.

Assessment and Local Taxes

Primarily, school districts are funded through a combination of local and state taxes. The Real, Personal and Utility taxes comprise three main categories. Real, Personal and Utility Assessments are added together to create the Total Assessment for a school district.

Real + Personal + Utility = Total Assessment

Assessment and Local Taxes

School District X has the following assessment information:

Real Assessment	\$50,000,000
Personal Assessment	\$20,000,000
Utility Assessment	\$75,000,000
Millage Rate	40 mills

This would produce a Total Assessment of \$145,000,000.

To Calculate the amount of taxes, multiply the Total Assessment by .001 and then by the millage rate. This number will produce the amount of taxes expected (at 100% collection rate).

$$\mathbf{\$145,000,000 \times .001 \times 40 = \$5,800,000}$$

Assessment and Local Taxes

To calculate the 98% amount, multiply the expected taxes by 98%.

$$\mathbf{\$5,800,000 \times 98\% = \$5,684,000}$$

Determining the amount of taxes short of the 98% of the URT, the total millage rate (40) can be divided in two categories: 25 mills for URT and 15 mills above the URT. The anticipated taxes are calculated by prorating the 25 and 15 mills.

$$\mathbf{25/40 \times \$5,684,000 = \$3,552,500 \text{ (URT)}}$$

And

$$\mathbf{15/40 \times \$5,684,000 = \$2,131,500 \text{ (Mills above URT)}}$$

Assessment and Local Taxes

In looking at the local URT (\$3,552,500), the district is funded this amount even if local taxes do not produce this amount. This is done through the 98% true-up. Assume, the district had an actual tax collection of \$5,300,000, it would produce the following amounts:

$$\text{URT: } 25/40 \times \$5,300,000 = \$3,312,500$$

And

$$\text{Above the URT } 15/40 \times \$5,300,000 = \$1,987,500$$

Since the district did not collect 98% of the URT (\$3,552,500), the difference between the 98% of URT and actual taxes collected (\$3,312,500) is calculated:

$$\$3,552,500 - \$3,312,500 = \$240,000$$

Assessment and Local Taxes

The actual assessment and collection rate is unique to each individual district. For good financial forecasting, it is recommended to look at **historical data** (past assessment, past collection rates, etc...), **current trends** (New building, abandoned homes, new or moving industry and businesses, etc...), **collection rates** (Obtained by comparing past tax collections to assessments) and **other pertinent information** to make more informed financial decisions.

Assessment and Local Taxes

The amount of local funds collected is divided by the number of students to derive at the amount of local money collected per student. The difference between the local amount per student collected and the foundation funding is then paid by the state to the district. For example, if a district collects \$1,500 through local taxes per student and the foundation funding amount is \$6,646, the state would pay the district \$5,146 per student in foundation funding. The total amount of foundation funding can be calculated by multiplying the amount paid by the state x prior year 3 Quarter Avg. ADM. State foundation funding is provided to districts beginning in August and occurring through June on a monthly basis.

Funding Matrix

The funding matrix is based upon a 500 student enrollment school. In the matrix, the amount of per pupil funding can be divided in smaller categories thus representing revenue for a school.

Funding Matrix

	FY15	FY16	FY17
Matrix Calculations			
School Size	500	500	500
K = 8% of students	40	40	40
Grades 1-3 = 23% of students	115	115	115
Grades 4-12 = 69% of students	345	345	345
Staffing Ratios			
K P:T ratio = 20:1	2.0	2.0	2.0
Grades 1-3 P:T ratio = 23:1	5.0	5.0	5.0
Grades 4-12 P:T ratio = 25:1	13.8	13.8	13.8
PAM = 20% of classroom	4.14	4.14	4.14
Total Classroom Teachers	24.94	24.94	24.94
Special Ed Teachers	2.9	2.9	2.9
Instructional Facilitators	2.5	2.5	2.5
Librarian / Media Specialist	0.825	0.85	0.85
Guidance Counselor & Nurse	2.5	2.5	2.5
Total Pupil Support Personnel	8.725	8.75	8.75
SUBTOTAL	33.665	33.69	33.69
Principal	1.0	1.0	1.0
Secretary	1.0	1.0	1.0
Total School-Level Personnel	35.665	35.69	35.69
School-Level Salaries			
Teacher Salary + Benefits	63,130	63,663	64,196
Per Student Matrix Expenditure	4,250.7	4,289.6	4,325.6
Principal Salary + Benefits	99,012	99,012	99,012
Per Student Matrix Expenditure	198.1	198.1	198.1
School-level secretary	40,031	40,031	40,031
Per Student Matrix Expenditure	80.1	80.1	80.1
School-Level Salaries Per Student	4,528.9	4,567.8	4,603.8
School-Level Resources			
Technology	225.6	237.8	250.0
Instructional Materials	183.1	183.1	183.1
Extra Duty Funds	57.2	61.05	64.9
Supervisory Aides	56.7	50.0	50.0
Substitutes	66.3	67.7	69.0
School-Level Resources Per Student	588.9	599.65	617.0



Funding Matrix

Carry-Forward				
Operations & Maintenance		651.8	664.9	664.9
Central Office		430.2	430.2	438.8
Transportation		321.2	321.2	321.2
Carry-Forward Per Student		1,403.2	1,416.3	1,424.9
Foundation Per Pupil Expenditures				
		6,521	6,584	6,646
Adjustments		0	0	0
Matrix Foundation Per Student		6,521	6,584	6,646
Increase per ADM	\$	128	63	62
	%	2.0%	0.97%	0.94%
Enhanced Funding Per Student		0.0	0.0	0.0
Matrix Foundation + Enhanced Per Student		6,521	6,584	6,646
<u>Categorical Program Funding</u>				
		<u>FY15 Cost</u>	<u>FY16 Cost</u>	<u>FY17 Cost</u>
ELL		317	324	331
ALE		4,383	4,471	4,560
NSLA		517	522	526
		1,033	1,042	1,051
		1,549	1,562	1,576
PD		32.4	32.4	32.4



Categorical Funds

4 Categories: ALE, ELL, NSL, and PD.

This is in addition to foundation funding.

There is a limitation to the amount of carry-over categorical funds a district can have at the end of a fiscal year. Districts that carry over larger than allowed amounts may be required to surrender those unspent excess funds. Districts must expend a minimum of 85% of the current year NSL funding. Concerning all categorical funds, the total aggregate balance shall not exceed 20%.

Categorical Funds

ALE

While there are many requirements to ALE funding, it is important to understand that a student must be in the ALE environment for a minimum of 20 consecutive days. In addition, there are other criteria that must be met. An ALE program must comply with the rules set forth by ADE and A.C.A. §6-48-101 et. Seq.

For the 2016-2017 school year, ALE funding is set at \$4,560 per full-time equivalent (FTE). An example of ALE funding is as follows:

Student	Number of Days Enrolled in ALE
A	89
B	178
C	178
D	12

Since student “D” was not enrolled the required 20 consecutive days, funding is not available for that student. The FTE can be calculated by dividing the number of days each student was enrolled in ALE by the number of days in the school year (typically 178) and adding those together.

$$(89/178) + (178/178) + (178/178) = 2.5$$

Multiply the FTE (2.5) by the ALE funding amount (\$4,560)

$$2.5 \times \$4,560 = \$11,400$$

Categorical Funds

ELL

In the 2016-2017 school year, the amount of funding per ELL student is \$331. For example, if a district had 247 ELL identified students, the amount of funding would be:

$$\$331 \times 247 = \$81,757$$

ELL funding is considered restricted and must be used on allowable expenditures. Funding for this category occurs during the current school year and funds may be carried over from one year to the next, subject to limits.

Categorical Funds NSL

NSL funding is based upon the percentage of students eligible in a district for free/reduced lunches. The NSL funding percentage is calculated from the October 1 enrollment report (Cycle 2) from the previous year. The funding amount per-student can be found in the table below:

Percentage of students eligible for free/reduced lunches	Funding per-student for the 2016-2017 school year
0-69%	\$526
70-89%	\$1,051
90-100%	\$1,576

Categorical Funds

PD

To calculate the total PD funding, the previous year 3 Quarter ADM is multiplied by the PD amount. For example, if a school had a 3 Quarter ADM for 2015-2016 of 629 students, the PD funding would then be multiplied by 629.

$$\$26.05 \times 629 = \$16,385.45$$

There are restrictions on PD funds. Rules and laws should always be referenced.

Student Growth Funding

For example, if a school district experienced the following growth:

1 st Q ADM Current Year	2 nd Q ADM Current Year	3 rd Q ADM Current Year	4 th Q ADM Current Year
1,500	1,600	1,550	1,700

Assuming the previous year 3 Quarter ADM (as prescribed in the state aid notice) was 1,500, the district would be eligible for the following funding:

$$(1500-1500)(1/4) + (1600-1500)(1/4) + (1550-1500)(1/4) + (1700-1500)(1/4) =$$

Number of growth students

$$0+25+12.5+50 = 87.50$$

Number of growth students X per-student foundation funding

87.50 X per-student foundation funding

Declining Enrollment Funding

Example, if a district experienced the following during the FY 16 year:

FY14 3 Q ADM	FY15 3 Q ADM	FY16 3 Q ADM
1000	900	800

$$(1000+900)/2 - 900 = 50$$

50 X FY 16 per-student foundation funding

$$50 \times \$6,584 = \$329,200$$

This would be considered the Declining Enrollment Funding For the FY16 School year.

Student Growth/Declining Enrollment Funding

Student Growth Funding is considered unrestricted. No district can receive both declining enrollment and student growth funding. Furthermore, if a district receives Special Needs Isolated funding then the district receives the larger amount of the following two:

Declining Enrollment Funds

The sum of Student Growth Funds and Special Needs Isolated Funding.

Federal Title Funds

Title I, part a – Improving the academic achievement of the disadvantaged. “The purpose of this title is to ensure that all children have a fair, equal, and significant opportunity to obtain a high quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and State academic assessments.”

E-Rate

The E-rate program is a discount program designed to help schools (and public libraries) pay for technological infrastructure and services. It is funded by the Universal Service Fee, a small fee added to every phone bill in the U.S., and is administered by the Universal Service Administration Company (USAC) on behalf of the FCC. In order to qualify for the program, applicants must solicit bids from service providers that meet their tech needs through an open and competitive bidding process. Then, upon awarding a bid, applicants must follow up with USAC to show actual costs incurred. There are a number of pieces of paperwork that accompany every step in the process. Successful school applicants will be eligible for a discount on their actual costs that is roughly equal to the NSL percentage within their schools.

Other Topics:

Bonded Debt Assistance

EETF

Miscellaneous Funds

Other Topics:

Child Nutrition

Better Chance

Medicaid

ARMAC

Isolated Funding

Special Education

Catastrophic

Early Childhood

Residential

Title VI Part B

Maintenance of Effort – How to Calculate and How to Reduce

State Aid Notices:

School Districts

Preliminary: Late July – Early August

Preliminary: Late February – Early March

Preliminary: Late June – Early July

Final: Late August – Early September

Open Enrollment Charter Schools

Preliminary: August

Preliminary: Late February – Early March

Preliminary: Late June – Early July

Final: Late August – Early September



Annual Statistical Report 2014/2015

State District Totals

	2014/2015 Actual	2015/2016 Budget		2014/2015 Actual	2015/2016 Budget
1 Area in Square Miles	53,162				
2 ADA	435,556				
3 ADA Per Change over 5 Years	1%				
4 4 Qtr ADM	460,693				
5 Prior Year 3 Qtr ADM	461,054				
6 Assessment	45,151,543,763				
7 M&O Mills	25.67				
8 URT Mills	25.00				
9 M&O Mills in Excess of URT	0.67				
10 Dedicated M&O Mills	0.06				
11 Debt Service Mills	11.81				
12 Total Mills	37.54				
13 Total Debt Bond/Non Bond	4,090,807,586				
State and Local Revenue					
14 Property Tax Receipts (Incl URT)	1,697,031,860	1,692,487,318			
15 Other Local Receipts	225,046,516	119,236,852			
16 Revenue From Intern Srvc	3,149,646	2,895,543			
17.1 Foundation Funding (Excl URT)	1,919,441,417	1,926,888,078			
17.2 98% of URT X Assessment less Net Revenues	17,751,282	12,296,296			
18 Student Growth Funding	26,192,798	4,073,679			
19 Declining Enrollment Funding	8,566,113	14,262,872			
20 Consolidation Incentive/Assistance	4,871,550	5,840,794			
21 Isolated Funding	5,914,188	5,493,522			
22 Supplemental Millage Incent. Funds	997,114	117,643			
23 Other Unrestricted State Funding	117,751	361,311			
24 Total Unrestricted Revenue from State and Local Sources	3,909,080,235	3,783,953,908			
Restricted Revenue from State Sources:					
25 Adult Education	8,296,200	7,270,462			
Regular Education:					
26 Professional Development	12,296,314	12,516,423			
27 Other Regular Education	18,509,638	6,517,201			
Special Education:					
28 Gifted And Talented	713,817	345,351			
29 Alt. Learning Environment (ALE)	23,961,251	24,189,161			
30 English Language Learner (ELL)	11,833,610	11,338,079			
31 National School Lunch State Categorical Funds (NSL)	205,880,351	212,958,258			
32 Other Special Education	33,441,371	30,480,338			
33 Career Education	16,137,538	13,923,483			
34 School Food Service	2,697,218	2,544,329			
35 Educational Service Cooperatives	100,000	11,432			
36 Early Childhood Programs	56,682,578	56,486,785			
37 Magnet School Programs	7,238,780	1,999,782			
38 Other Non-Instructional Program Aid	155,880,430	148,417,610			
39 Total Restricted Revenue from State Sources	553,669,097	528,998,695			
40 Total Restricted Revenue from Federal Sources	578,662,882	597,301,180			
Other Sources of Funds:					
41 Financing Sources	245,119,689	113,956,538			
42 Balances Consol/Annexed District	297,800	2,600,205			
43 Indirect Cost Reimbursement	3,322,127	3,326,595			
44 Gains & Losses - Sale Fixed Assets	1,690,242	1,157,729			
45 Compensation - Loss Of Fixed Assets	5,238,350	2,949,591			
46 Other	1,032,632	336,289			
47 Total Other Sources of Funds	256,700,839	124,326,947			
48 Total Revenue and Other Sources of Funds from All Sources	5,298,113,054	5,034,580,730			
CURRENT EXPENDITURES					
Instruction:					
49 Regular Instruction	1,762,070,798	1,723,638,157			
50 Special Education	320,788,864	332,509,299			
51 Career Education	120,003,692	118,861,220			
52 Adult Education	9,578,689	8,488,842			
53 Compensatory Education	130,624,291	144,298,462			
54 Other	186,201,305	183,972,633			
55 Total Instruction	2,529,267,639	2,511,768,614			
District Level Support:					
56 General Administration	100,425,946	103,091,994			
57 Central Services	120,345,794	125,962,052			
58 Maintenance & Operations Of Plant	458,433,441	474,642,957			
59 Student Transportation	197,320,327	209,995,067			
60 Other District Level Support Service	16,543,478	15,169,058			
61 Total District Support Services	893,068,976	928,861,128			
School Level Support:					
62 Student Support Services	222,166,783	235,911,177			
63 Instructional Staff Support Service	360,422,633	374,803,548			
64 School Administration	232,655,580	233,907,269			
65 Total District Support Services	815,244,996	844,621,994			
Non-Instructional Services:					
66 Food Service Operations	258,007,256	243,953,533			
67 Other Enterprise Operations	4,749,488	1,969,342			
68 Community Operations	14,853,502	14,084,647			
69 Other Non-Instructional Services	149	0			
70 Total Non-Instructional Services	277,610,395	260,007,522			
71 Facilities Acquisition And Const.	437,663,504	313,157,107			
72 Debt Service	245,124,316	268,973,780			
75 Other Non-Programmed Costs	5,304,537	3,631,059			
76 Total Expenditures	5,203,284,363	5,131,021,205			
77 Less: Capital Expenditures	(510,124,487)	(381,306,051)			
78 Less: Debt Service	(245,124,316)	(268,973,780)			
79 Total Current Expenditures	4,448,035,560	4,480,741,373			
80 Exclusions from Current Expenditures	(248,553,680)	(179,531,856)			
81 Net Current Expenditures	4,199,481,880	4,301,209,517			
82 Per Pupil Expenditures	9,642	9,642			
83 Personnel - Non-Federal Licensed Classroom FTEs	33,076.84				
83.5 Total Salary - Non-Federal Licensed Classroom FTEs	1,606,713,027				
84 Avg Salary - Non-Federal Licensed Classroom FTEs	48,575				
85 Personnel - Non-Federal Licensed FTEs	36,259.55				
85.5 Total Salary - Non-Federal Licensed FTEs	1,848,452,738				
86 Avg Salary - Non-Federal Licensed FTEs	50,978				
87.1 Legal Balance (funds 1-2-4)	796,666,674	782,151,842			
87.2 Categorical Fund Balance	24,045,911	9,232,621			
87.3 Deposits With Paying Agents (QZAB)	8,528,154	7,762,125			
87.4 Net Legal Bal (Excl Cut & QZAB)	764,092,609	765,157,096			
88 Building Fund Balance (fund 3)	726,598,470	645,977,752			
89 Capital Outlay Balance/Dedicated M&O (fund 5)	12,372,333	11,737,916			



Annual Statistical Report (ASR) Rankings

Ranked by Per Pupil Expenditures

Ranked by ADA

Ranked by ADM

Ranked by K12 Licensed FTE

Ranked by Average Salary K12 (Classroom) Licensed

Ranked by Licensed FTE

Ranked by Average Salary Licensed FTE



Calculating Carryover Amounts

The amount of necessary carryover varies by district. SOME of the factors to consider when evaluating carryover include:

Staff Payment Schedule

Interest Bond Payments

Tax Revenue

Revenue Sources Schedule



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