

*As Engrossed: 2/8/91*

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**  
4 **By: Representative Thicksten**

**A BILL ACT 401 OF 1991**  
**HOUSE BILL 1288**

**For An Act To Be Entitled**

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7  
8 "AN ACT TO AMEND VARIOUS SECTIONS OF TITLE 6, CHAPTER 20,  
9 SUBCHAPTERS 2 AND 3 OF THE ARKANSAS CODE OF 1987, AS  
10 AMENDED (MINIMUM FOUNDATION PROGRAM AID LAW FOR PUBLIC  
11 SCHOOLS), TO RESTRICT THE USE OF UNSAFE SCHOOL BUSES; TO  
12 REAUTHORIZE FUNDING FOR GIFTED AND TALENTED PROGRAMS; TO  
13 CLARIFY CALCULATION OF THE MISCELLANEOUS FUND CHARGE FOR  
14 THE CURRENT YEAR; TO EXPAND THE DEFINITION OF 'NET CURRENT  
15 REVENUES'; TO EXTEND CONSOLIDATION/ANNEXATION INCENTIVE  
16 FUNDING; TO INCREASE THE SECOND-TIER SET ASIDE AS TO SOME  
17 FUNDS; TO CLARIFY THE COMPENSATORY EDUCATION FUNDING  
18 SCHEME FOR PUBLIC SCHOOLS; AND FOR OTHER PURPOSES."

19  
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21

22 SECTION 1. Arkansas Code §6-20-219 is hereby amended to read as  
23 follows:

24 "6-20-219. State Transportation Aid funds.

25 (a) The State Board of Education is authorized to formulate regulations  
26 for the administration of State Transportation Aid funds for the public  
27 schools of Arkansas.

28 (b) Such regulations shall provide for a minimum of seventy dollars  
29 (\$70.00) and a maximum of not more than two hundred eighty dollars (\$280) of  
30 annual aid per average child transported under the pupil aid section of the  
31 transportation aid formula which shall be paid to each school district  
32 operating a transportation program, provided, that in the event the State  
33 Transportation Aid funds during any fiscal year are inadequate to pay each  
34 school district the full amount of transportation aid according to the  
35 regulations of the State Board of Education, the board shall make a percentage  
36 reduction in the aid payable to the school district.

1 (c) Computation of annual aid per average child transported shall  
2 include students in grades kindergarten through twelve (12).

3 (d) (1) Any school district which owns or operates any school bus  
4 manufactured prior to April 1, 1977, shall cease operating such bus as a  
5 regular route bus prior to the beginning of the 1993-94 school year and shall  
6 cease to operate such bus for any purpose prior to the beginning of the 1995-  
7 1996 school year. For purposes of this section 'regular route bus' means a bus  
8 that is regularly scheduled to transport students to and from school.

9 (2) The State Board of Education shall withhold all  
10 transportation aid due a district found in violation of this section until  
11 such time as non-complying school buses are replaced."  
12

13 SECTION 2. Arkansas Code §6-20-302(2) (E) is hereby amended to read as  
14 follows:

15 "(E) School districts which operate, either individually or as a part  
16 of a cooperative of districts, an approved educational program for gifted and  
17 talented students shall receive funds for the operation of the program based  
18 on an add-on weight of twenty-five hundredths (.25) for each of its students  
19 identified as being gifted or talented under guidelines and criteria approved  
20 by the State Board of Education, up to a number equal to five percent (5%) of  
21 its ADM for the previous year."  
22

23 SECTION 3. Arkansas Code §6-20-302(13) is hereby amended to read as  
24 follows:

25 "(13) (A) 'Miscellaneous funds charge' means the charge of seventy-five  
26 percent (75%) of the funds received by the district during the current year  
27 which are classified as miscellaneous. Such funds shall include those  
28 received from federal forest reserves, federal grazing rights, federal mineral  
29 rights, federal flood control, wildlife refuge funds, funds received by the  
30 district in lieu of taxes, and severance taxes.

31 (B) When Arkansas meets the federal definition of equity, school  
32 assistance in federally affected areas shall also be included in the  
33 miscellaneous funds category.

34 (i) In making initial state aid allocations, each district  
35 shall be charged seventy-five percent (75%) of the lesser of the amount of

1 miscellaneous funds it received the previous year or the amount which equals  
2 the average of the previous four (4) years excluding the highest year and the  
3 lowest year.

4 (ii) Upon determination of total miscellaneous funds for  
5 the current year, the State Department of Education shall immediately  
6 determine whether any school districts have experienced an increase or a  
7 decrease in Minimum Foundation Program Aid as a result of the miscellaneous  
8 funds charge being computed as set forth in (i). Adjustments for increases  
9 and decreases shall be made in the distribution of Minimum Foundation Program  
10 Aid for those districts. The State Department of Education shall withhold  
11 sufficient funds to make those adjustments;"

12

13 SECTION 4. Arkansas Code §6-20-306(b) is hereby amended to read as  
14 follows:

15 "(b) Any school district which in the second annual school election  
16 after an increase is made in the state's charged millage levy votes a millage  
17 levy on its assessment that is more than three (3) mills below the state's  
18 charge levy on real property shall lose all add-on weights for which it  
19 qualifies under §6-20-302(2)(B), (C), (D) and (E) except that the total  
20 minimum millage required to be voted under this provision to avoid such a loss  
21 shall not exceed twenty-two (22) mills. Add-on weights lost under this  
22 provision shall be restored in the school year following the annual school  
23 election in which the voters of the district approve a tax levy on its charged  
24 assessment which is within three (3) mills of the state's charged levy."

25

26 SECTION 5. Arkansas Code §6-20-307(c) is hereby amended to read as  
27 follows:

28 "(c) For each school year, each district in the state shall pay its  
29 qualifying certified personnel an amount at least equal to seventy percent  
30 (70%) of its net current revenue.

31 (1) Gross current revenue shall consist of the following items:

32 (A) All property taxes actually collected including the  
33 forty percent (40%) pullback, delinquent taxes, excess commissions, and land  
34 redemption;

35 (B) Revenue from any local government or in lieu of tax

1 donations;

2 (C) Tuition from all sources;

3 (D) County apportionment, severance taxes;

4 (E) Sixteenth (16th) section rents;

5 (F) All unrestricted state aid; and

6 (G) All unrestricted federal revenue including Public Law  
7 81-874 categories A and B, forest reserve, wildlife refuge, flood control,  
8 mineral leases, federal grazing, and any other revenue that may be considered  
9 as in lieu of tax payments.

10 (2) Net current revenue shall be the gross current revenue as  
11 defined in subsection (c) (1) of this section less the following amounts:

12 (A) state transportation aid;

13 (B) set aside for textbook program aid;

14 (C) the amount required to meet principal and interest on  
15 the state revolving loan program;

16 (D) the amount required to meet principal and interest on  
17 commercial bonds; and

18 (E) for school years 1991-1992 through school year 1998-  
19 1999, the amounts required to meet the principal and interest payments on  
20 lease purchase agreements, installment contracts or post-dated warrants which  
21 are entered into, executed, or issued for the purchase of school buses on or  
22 after July 1, 1991 to replace school buses constructed prior to April 1, 1977,  
23 may be deleted from gross current revenue as defined in subsection (c) (1) of  
24 this section to determine net current revenue if during the preceding school  
25 year the district expended all Transportation Aid Funds for the operation of  
26 the district's pupil transportation program, the purchase of school buses and  
27 for no other purpose and if the interest rate on the installment contract or  
28 lease purchase agreement is less than the interest on loans from the Revolving  
29 Loan Fund.

30

31 SECTION 6. Arkansas Code §6-20-309(d) is hereby amended to read as  
32 follows:

33 "(d) One hundred percent (100%) of the incentive allowance computed as  
34 provided in this section shall be added to the new school district's aid the  
35 first year of consolidation. The aid of the new district for the first year

1 will equal the total of what the districts would have received if the  
2 consolidation had not occurred plus one hundred percent (100%) of the  
3 consolidation incentive allowance. The second year, the school district shall  
4 receive its normal state aid plus fifty percent (50%) of the consolidation  
5 incentive funds that it received the previous year. There shall be no  
6 consolidation incentive allowance beginning with the third year of  
7 consolidation."

8  
9 SECTION 7. Arkansas Code §6-20-314(a) is hereby amended to read as  
10 follows:

11 "(a) Notwithstanding other provisions of this subchapter, an amount not  
12 to exceed three percent (3%) of any increased funds available any year over  
13 the preceding year for state aid allocation shall be set aside from the total  
14 funds available for distribution under the provisions of this subchapter for  
15 funding a second tier of equalization."

16  
17 SECTION 8. Arkansas Code §6-20-314(e) is hereby amended to read as  
18 follows:

19 "(e) Monies provided by the Educational Excellence Trust Fund shall  
20 remain at a one percent (1%) set-aside level during the 1991-92 fiscal year."

21  
22 SECTION 9. Arkansas Code §6-20-319(4) (A) is hereby amended to read as  
23 follows:

24 "(A) Each district in the state shall pay its certified personnel an  
25 amount equal to at least seventy percent (70%) of its net current revenue.  
26 Not less than eighty percent (80%) of seventy percent (70%) of each school  
27 district's increase in net current revenue over the net current revenue  
28 received the previous school year less the total salary expenditure required  
29 to fund additional certified personnel added to the staff of the district in  
30 the school year shall be divided equally among the certified personnel  
31 positions existing in the district in that year unless the board of directors  
32 of the district and a majority of the teachers agree to a different  
33 distribution. *The eighty percent (80%) of the seventy percent (70%) may be*  
34 *used to satisfy pay increases for experience and additional hours or degrees*  
35 *under the district's salary schedule if (1) the school board adopts the*

1 *changes in the salary schedule for the next school year either ten (10) days*  
2 *before the last day of pupil attendance or before contracts are issued to*  
3 *teachers whichever occurs first in accordance with A.C.A. §§6-17-201, et seq.*  
4 *and distributes the eighty percent (80%) of the seventy percent (70%) equally*  
5 *among all certified personnel positions, or (2) the board and a majority of*  
6 *the teachers agree to an unequal distribution."*

7

8 SECTION 10. Arkansas Code §6-20-319(4)(B) is hereby amended to read as  
9 follows:

10 "(B) The district shall file with the State Board of Education annually  
11 a salary schedule for its certified employees which recognizes a minimum level  
12 of training and experience. This schedule shall reflect the actual pay  
13 practices of the district, including all fringe benefits. Salary increments  
14 for experience or education, or both, shall be identified on the schedule."

15

16 SECTION 11. Arkansas Code §6-20-320(c) is hereby amended to read as  
17 follows:

18 "(c) The maximum allocation per eligible student in a program approved  
19 for funding shall not exceed an amount to be calculated by dividing the  
20 allotment for compensatory education by the total number of eligible students.  
21 The funding for compensatory education shall be one million dollars  
22 (\$1,000,000) for every eight million dollar (\$8,000,000) or major fraction  
23 thereof, in funding for Minimum Foundation Program Aid from the base year of  
24 1988-89. The maximum funding for compensatory education shall be seven  
25 million dollars (\$7,000,000) for compensatory education in 1989-90 and eight  
26 million dollars (\$8,000,000) for each succeeding year. The eight million  
27 dollars (\$8,000,000) for each succeeding year shall be calculated in addition  
28 to any carry over of undistributed compensatory education funds. Funds shall  
29 be set aside for compensatory education services from the funded appropriation  
30 made for Minimum Foundation Program Aid in the amounts prescribed by this  
31 subsection. Funds set aside for compensatory education but not distributed by  
32 the Department of Education may be carried forward by the Department of  
33 Education. Compensatory education funds distributed to the districts may be  
34 carried forward by the districts for one (1) year. Compensatory education  
35 funds distributed to the district but unexpended at the end of the fiscal year

1 following the fiscal year in which the district received the funds shall be  
2 returned to the Department of Education for deposit to the Public School Fund.  
3 These returned funds shall lose their identity as compensatory education  
4 funds."

5  
6 SECTION 12. Arkansas Code §6-20-320 is hereby amended by adding a new  
7 subsection to read as follows:

8 "(f) Monies provided by the Education Excellence Trust Fund during the  
9 1991-92 fiscal year shall not be subject to the set aside for compensatory  
10 education provided in this section."

11  
12 SECTION 13. *Any school district not qualifying for funds to be*  
13 *disbursed from the Educational Excellence Trust Fund whose average certified*  
14 *salary is three thousand dollars (\$3,000) less than the state average in each*  
15 *year of the 1991-93 biennium shall receive an amount per weighted average*  
16 *daily membership, when combined with amounts required to be disbursed under*  
17 *§§6-20-319, to insure funds sufficient to fund an average certified salary of*  
18 *no more than three thousand dollars (\$3,000) less than the state average.*

19  
20 SECTION 14. *Any changes made in Arkansas Code §6-20-319(4) under the*  
21 *provisions of this act shall not be considered as any indication of what the*  
22 *legislative intent was or was not under the law before the enactment of these*  
23 *changes.*

24  
25 SECTION 15. Arkansas Code §6-20-402(d)(1) is hereby amended to read as  
26 follows:

27 "(d)(1) Warrants drawn, lease purchase agreements or installment  
28 contracts entered into for any of the purposes above must be paid within six  
29 (6) years of the date of issuance of the postdated warrant or the execution  
30 of the written lease purchase agreement or installment contract, as the case  
31 may be, and postdated warrants must be registered, on forms provided by the  
32 State Board of Education, with the treasurer of the district and the State  
33 Board of Education."

34  
35 SECTION 16. All provisions of this act of a general and permanent

1 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
2 Code Revision Commission shall incorporate the same in the Code.

3

4 SECTION 17. If any provision of this act or the application thereof to  
5 any person or circumstance is held invalid, such invalidity shall not affect  
6 other provisions or applications of the act which can be given effect without  
7 the invalid provision or application, and to this end the provisions of this  
8 act are declared to be severable.

9

10 SECTION 18. All laws and parts of laws in conflict with this act are  
11 hereby repealed.

12

13 SECTION 19. EMERGENCY. *It is hereby found and determined by the*  
14 *Seventy-Eighth General Assembly that the effectiveness of this act on July 1,*  
15 *1991 is essential to the operation of the Arkansas Department of Education and*  
16 *the various school districts of this state; that the various changes reflected*  
17 *in this act require implementation on a day certain before the beginning of*  
18 *the upcoming school year; and that in the event of an extension of the Regular*  
19 *Session, the delay in the effective date of this act beyond July 1, 1991 could*  
20 *work irreparable harm upon the proper administration and provision of*  
21 *essential governmental programs. Therefore, an emergency is hereby declared*  
22 *to exist and this act being necessary for the immediate preservation of the*  
23 *public peace, health and safety shall be in full force and effect from and*  
24 *after July 1, 1991.*

25

*/s/ Edward F. Thicksten*

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APPROVED: 3-8-91