

ARKANSAS GENERAL ASSEMBLY
HOUSE INTERIM COMMITTEE ON EDUCATION
 and
SENATE INTERIM COMMITTEE ON EDUCATION

Senator Jim Argue, Jr.
 Senate Chair

Representative Mike Kenney
 House-Chair

October 30, 2008

Senator Henry "Hank" Wilkins, IV, Co-Chair
 Arkansas Legislative Council
 Room 315, State Capitol
 Little Rock, Arkansas 72201

Senator Shawn Womack, Co-Chair
 Joint Budget Committee
 Room 315, State Capitol
 Little Rock, Arkansas 72201

Representative Scott Sullivan, Co-Chair
 Arkansas Legislative Council
 Room 315, State Capitol
 Little Rock, Arkansas 72201

Representative Chris Thyer, Co-Chair
 Joint Budget Committee
 Room 315, State Capitol
 Little Rock, Arkansas 72201

Dear Senator Wilkins, Senator Womack, Representative Sullivan, and Representative Thyer:

The House Interim Committee on Education and the Senate Interim Committee on Education, operating under a self-imposed deadline of November 1st, have been considering issues related to student transportation and public school employee health insurance. After extensive discussion and deliberation, the Committees have adopted recommendations to address these two (2) issues. In order to inform the deliberations of the Arkansas Legislative Council/Joint Budget Committee hearings currently underway, listed below are the recommendations adopted by the House and Senate Interim Committees on Education at their meeting on October 14, 2008, regarding the funding for student transportation and public school employee health insurance:

Student Transportation

The House and Senate Interim Committees on Education recommend to the 87th General Assembly the amount of \$24,584,000 in General Revenue Funding be provided each year of the upcoming biennium to the Public School Fund to be utilized for Enhanced Transportation Funding. This Enhanced Transportation Funding is in addition to the \$286 per Average Daily Membership (ADM) currently provided in the Funding Matrix and will be distributed to school districts in accordance with the distribution methodology developed by the Bureau of Legislative Research (BLR).

Public School Employee Health Insurance

The House and Senate Interim Committees on Education recommend to the 87th General Assembly the amount of \$63,000,000 in General Revenue Funding be provided in the upcoming

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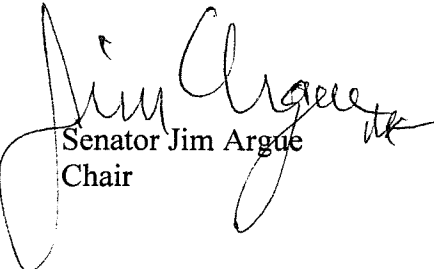
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biennium to the Arkansas Department of Education (ADE)'s Public School Employee Health Insurance appropriation in accordance with Scenario 1B of the Milliman Recommendations to the Employee Benefits Division of the Department of Finance and Administration (EBD) as presented to the Committees on September 22, 2008. The ADE uses this appropriation to make payments directly to the Employee Benefits Division of the Department of Finance and Administration for public school employee health insurance premiums. This increase in funding will help stabilize the premium costs for public school employees and begin the process of equalizing premiums costs between public school employees and state employees, which will require two (2) additional biennia to complete.

Milliman's Scenario 1B would fund the employer contributions to public school employee health insurance premiums at 75% of the employee cost and 50% of the dependent cost by fiscal year 2015, and recommended that the state fund, in addition to the \$131 per ADM in the Funding Matrix, \$15,865,934 in fiscal year 2010 and \$47,047,788 in fiscal year 2011, for a total of \$62,913,722 for the biennium.

We hope you will find this information beneficial. If you have any questions or if you need additional information, please do not hesitate to contact either of us. We look forward to hearing from you.

Sincerely,


Senator Jim Argue
Chair


Representative Mike Kenney
Chair