

A Bill

4

5 By: Representatives Cleveland, Stovall, Dangeau, Elliott, Mahony, Verkamp, Bolin, Bond, Boyd,

6 Cowling, Hathorn, Jackson, C. Johnson, Jones, Pate, Roebuck, Thomason, Walters, White

7

8

9

For An Act To Be Entitled

10

AN ACT PROVIDING EDUCATION REFORM IN ARKANSAS; TO

11

PROVIDE FOR EDUCATION FUNDING; TO ESTABLISH

12

EDUCATIONAL ADEQUACY ACCOUNTING; TO ESTABLISH

13

MINIMUM TEACHER COMPENSATION; AND FOR OTHER

14

PURPOSES.

15

16

Subtitle

17

AN ACT PROVIDING EDUCATION REFORM; TO

18

PROVIDE FOR EDUCATION FUNDING; TO

19

ESTABLISH EDUCATIONAL ADEQUACY

20

ACCOUNTING; AND TO ESTABLISH MINIMUM

21

TEACHER COMPENSATION.

22

23

24

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

25

26

SECTION 1. Arkansas Code Title 6, Chapter 20, is amended to add the

27

following new subchapter:

28

6-20-2001. Title and purpose.

29

(a) This subchapter shall be known and may be cited as the "Education

30

Funding Reform Act of 2003".

31

(b) The purpose of this subchapter is to establish adequate levels of

32

funding for public schools. This subchapter does not impose staffing

33

requirements or minimum teacher-student ratios upon public schools.

34

35

6-20-2002. Legislative findings and intent.

36

(a) The General Assembly recognizes that intelligence and virtue are



1 the safeguards of liberty and the bulwark of a free and good government and
2 that the Arkansas Constitution, Article 14, § 1 requires the state to ever
3 maintain a general, suitable, and efficient system of free public schools and
4 to adopt all suitable means to secure to the people the advantages and
5 opportunities of education.

6 (b) The General Assembly finds that the education of the children of
7 this state is best secured by maintaining as much local control over the day-
8 to-day management of school operations as is consistent with state
9 constitutional requirements. It is the intent of this subchapter to maintain
10 and foster local control consistent with the state's constitutional mandate
11 to assure suitability and efficiency in the public school system.

12 (c) The General Assembly finds that a suitable and efficient system of
13 public education should:

14 (1) Assure the availability of substantially equal and
15 constitutionally appropriate revenue for the education of each similarly
16 situated child in the public schools, regardless of where that child resides
17 within the state;

18 (2) Assure that each school-age child resides in a school
19 district that offers a competitive minimum salary for classroom teachers;

20 (3) Assure that there is incentive and opportunity for patrons
21 of each school district to provide a greater degree of financial support for
22 students of the school district than may be provided in other school
23 districts;

24 (4) Assure that:

25 (A) All students graduating from high school are able to
26 demonstrate a defined minimum level of competence in:

27 (i) English, oral communications, reading, and
28 writing;

29 (ii) Mathematics skills; and

30 (iii) Science and social studies disciplines; and

31 (B) The minimum level of competence evolves over time to
32 higher levels;

33 (5) Assure that students with disabilities have the opportunity
34 to graduate from high school by demonstrating alternative competencies or
35 alternative levels of competency;

36 (6) Assure that students who are not on track for high school

1 graduation are identified at a sufficiently early date that they may be
2 provided an opportunity at a reasonable cost to achieve the minimum levels of
3 competence necessary to graduate from high school;

4 (7) Recognize that graduating from high school requires that the
5 student, as well as the parent, parents, or guardian of the student work hard
6 and assume appropriate responsibility for the student's success or failure;

7 (8) Encourage parental participation in the public schools and
8 in public school activities;

9 (9) Recognize that public schools must provide a safe,
10 disciplined, and drug-free environment for students and teachers;

11 (10) Avoid disproportionate variances among school districts in
12 the financial burden imposed on taxpayers;

13 (11) Avoid unnecessary duplication of administrative and
14 operational expenses;

15 (12) Avoid disproportionate variances among school districts in
16 the use of classroom teachers and capital resources; and

17 (13) Recognize that early attention to and correction of student
18 deficiencies are substantially less expensive and more effective than
19 remedial efforts in the later school grades.

20 (d)(1) The General Assembly acknowledges that the Arkansas
21 Constitution requires the state to provide a general, suitable, and efficient
22 system of free public schools.

23 (2) The obligation has been held by the Arkansas courts to be a
24 paramount duty of the state.

25 (e) The General Assembly recognizes that the supervision of public
26 schools and the execution of the laws regulating the schools is vested in
27 such officers as the General Assembly provides.

28 (f) The General Assembly recognizes the importance of local decision-
29 making in the education process, however, local decision-making can not be an
30 excuse for failure.

31
32 6-20-2003. Definitions.

33 As used in this subchapter:

34 (1) "Alternative learning environment" means an intervention
35 program in compliance with §§ 6-18-508 and 6-18-509 that seeks to eliminate
36 traditional barriers to learning for students;

1 (2) “Average daily membership” means the total number of days
2 attended plus the total number of days absent by students in grades
3 kindergarten through twelve (K-12) during the first three (3) quarters of
4 each school year, divided by the number of school days actually taught in the
5 school district during that period of time rounded up to the nearest
6 hundredth. In those instances in which the average daily membership for less
7 than three (3) quarters is specified, the number of days used in the
8 calculation shall be the days in the specified period of time. As applied to
9 this subchapter, students who may be counted for average daily membership
10 are:

11 (A) Students who reside within the boundaries of the
12 school district and are enrolled within a public school operated by the
13 school district or a private school for special education students, with the
14 attendance resulting from a written tuition agreement approved by the
15 Department of Education;

16 (B) Legally transferred students living outside the
17 district but attending a public school in the school district; and

18 (C) Students who reside within the boundaries of the
19 school district and are enrolled in the Arkansas National Guard Youth
20 Challenge Program, so long as the students are participants in the program;

21 (3)(A) “Catastrophic special education” means the state program
22 that funds the costs of educating students in special education whose costs
23 exceed the amount of funding provided under the state foundation program.

24 (B) The State Board of Education shall have regulatory
25 authority to further define those costs that the state will provide under
26 this program;

27 (4) “Classroom teachers” means those certified personnel who
28 spend seventy percent (70%) of their time interacting with students in a
29 classroom setting teaching all grade level or subject matter appropriate
30 classes with the exception of physical education, art, and music;

31 (5) “English language learning students” means those students
32 who have been identified as not proficient in the English language based upon
33 a state-approved English proficiency assessment instrument;

34 (6) “Extra duty pay for teachers” means those amounts paid to
35 teachers for duties performed outside of the course and scope of their duties
36 covered by their contracts;

1 (7) “Guidance counselor” means an individual certified by the
2 State Board of Education to provide counseling services to public school
3 students;

4 (8) “Instructional facilitators” means the certified personnel
5 who coordinate the instructional programs, provide ongoing coaching and
6 mentoring of teachers to change and improve their instructional practices,
7 and serve as technology coordinators for the school;

8 (9) “Instructional materials” means those materials necessary to
9 teach a class, including, but not limited to, textbooks, trade books,
10 workbooks, activity-oriented programs that may include manipulatives, hand-
11 held calculators, or other hands-on materials, laboratory equipment, and
12 equipment necessary for vocational-technical education;

13 (10) “Librarians or media specialists” means individuals
14 certified by the State Board of Education as having the knowledge and skills
15 for operating a library or media center in a public school;

16 (11) “Miscellaneous revenues” means the lesser of either the
17 previous year or the average of the five (5) previous years of those funds
18 received by a school district from federal forest reserves, federal grazing
19 rights, federal mineral rights, federal impact aid, federal flood control,
20 wildlife refuge funds, severance taxes, funds received by the school district
21 in lieu of taxes, and local sales and use taxes dedicated to education under
22 §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et
23 seq.;

24 (12)(A) “Noninstructional and support components” means the
25 total statewide expenditures in the prior school year to support activities
26 not directly related to classroom learning divided by the previous year’s
27 statewide average daily membership.

28 (B) “Noninstructional and support components” include, but
29 are not limited to, expenditures for general administration, business
30 support, operation and maintenance services, school plant services, student
31 transportation services, extracurricular activities, capital expenditures,
32 and central support services.

33 (C) “Noninstructional and support components” does not
34 include debt service payments;

35 (13) “Previous year” means the school year immediately preceding
36 the school year in which funds are allocated;

1 (14) “Principal” means a certified individual employed by a
2 school district who has administrative responsibility and instructional
3 leadership for the planning, management, operation, and evaluation of a
4 public school;

5 (15) “Professional development” means a coordinated set of
6 planned learning activities for teachers and administrators that are
7 standards-based and contiguous. It shall result in individual, school-wide,
8 and system-wide improvement designed to ensure that all students demonstrate
9 proficiency in the state academic standards;

10 (16) “Pupil support staff” means those individuals employed to
11 provide health, safety, and social services to the students in a school;

12 (17) “School district” means a geographic area with an elected
13 board of directors which qualifies as a taxing unit for purposes of ad
14 valorem property taxes under Title 26 of the Arkansas Code and which conducts
15 the daily affairs of public schools under the supervisory authority vested in
16 them by the General Assembly;

17 (18) “School type” means the classification given to each type
18 of school, whether it be elementary, middle, or high school;

19 (19) “Specialist teachers” means those certified personnel who
20 spend seventy percent (70%) of their time interacting with students in a
21 classroom setting teaching the subjects of physical education, art, and
22 music;

23 (20) “Struggling students” means those students from low socio-
24 economic background as indicated by eligibility for the free or reduced-price
25 lunch program under the National School Lunch Act or any other act of
26 Congress;

27 (21) “Substitute teachers” means those individuals employed in
28 order to temporarily replace classroom or specialist teachers when the
29 classroom or specialist teachers are absent;

30 (22) “Supervisory aides” means those individuals employed in
31 order to supervise students when those students are not in class. This may
32 be either before or after school, during recesses, or lunch breaks;

33 (23) “Teachers for English language learning students” means
34 those certified personnel who are primarily responsible for teaching English
35 to English language learning students;

36 (24) “Teachers for special education students” means those

1 certified personnel who are primarily responsible for teaching students
2 specified as special education under the Individuals with Disabilities Act,
3 20 U.S.C. § 1400 et seq., or who are speech pathologists as defined by the
4 state board;

5 (25) "Teachers for struggling students" means those certified
6 personnel who are primarily responsible for helping struggling students; and

7 (26) "Technology" means any equipment for instructional purposes
8 that is electronic in nature, including, but not limited to, computer
9 hardware, computer software, internet connectivity, and distance learning.

10
11 6-20-2004. Foundational funding amount.

12 (a) Each school district shall be guaranteed a foundational funding
13 amount based upon the allocation of resources generated under this section as
14 follows:

15 (1) Personnel Resources:

16 (A) Principal.

17 (i) For every school, a school district shall be
18 apportioned funding for one (1) principal for every five hundred (500)
19 students in average daily membership rounded up to one-tenth (0.1) of a full-
20 time equivalency.

21 (ii) Each principal shall carry a resource price of
22 seventy-one thousand eight hundred thirty-seven dollars (\$71,837), or pro-
23 ration thereof rounded up to one-tenth (0.1) of a full-time equivalency.

24 (iii) Each school will be guaranteed funding for at
25 least one (1) principal, notwithstanding the calculations under this
26 subdivision (a)(1)(A);

27 (B) Instructional Facilitators. For every school, a
28 school district shall be apportioned funding for a number of instructional
29 facilitators equal to the average daily membership of that school divided by
30 five hundred (500) times two and one-half (2.5), so long as each school has a
31 minimum of one (1) instructional facilitator. Each instructional
32 facilitator, or pro-ration thereof rounded down to the nearest one-tenth
33 (0.1) of a full-time equivalency, shall carry a resource price of forty-seven
34 thousand two hundred fifty dollars (\$47,250);

35 (C) Classroom Teachers.

36 (i) For every school, a school district shall be

1 apportioned funding for the following number of classroom teachers, based on
2 the average daily membership of that school:

3 (a) For every twenty (20) students in average
4 daily membership in kindergarten, one (1) teacher rounded down to one-tenth
5 (0.1) of a full-time equivalency;

6 (b) For every twenty-three (23) students in
7 average daily membership in grades one through three (1-3), one (1) teacher
8 rounded down to one-tenth (0.1) of a full-time equivalency; and

9 (c) For every twenty-five (25) students in
10 average daily membership in grades four through twelve (4-12), one (1)
11 teacher rounded down to one-tenth (0.1) of a full-time equivalency.

12 (ii) Each classroom teacher or pro-ration thereof
13 rounded down to the nearest to one-tenth (0.1) of a full-time equivalency,
14 shall carry a resource price of forty-seven thousand two hundred fifty
15 dollars (\$47,250) for each classroom teacher, or pro-ration thereof rounded
16 down to the nearest to one-tenth (0.1) of a full-time equivalency;

17 (D) Specialist Teachers. For every classroom teacher, a
18 school will be allocated funding for two-tenths (0.2) of a full-time
19 equivalency for specialist teachers, which shall carry a resource price of
20 forty-seven thousand two hundred fifty dollars (\$47,250) for each specialist
21 teacher, or pro-ration thereof rounded down to the nearest to one-tenth (0.1)
22 of a full-time equivalency;

23 (E) Teachers for Special Education. For every school, a
24 school district shall be apportioned funding for a number of teachers for
25 special education equal to the average daily membership of that school
26 divided by five hundred (500) times two and nine-tenths (2.9) rounded down to
27 one-tenth (0.1) of a full-time equivalency, so long as each school has a
28 minimum of one-half (0.5) teachers for special education, which shall carry a
29 resource price of forty-seven thousand two hundred fifty dollars (\$47,250)
30 for each teacher for special education, or pro-ration thereof rounded down to
31 the nearest to one-tenth (0.1) of a full-time equivalency;

32 (F) Guidance Counselors.

33 (i) For every school, a school district shall be
34 apportioned funding for guidance counselors as follows:

35 (a) If the school type is middle school, one
36 (1) guidance counselor for every five hundred (500) students in average daily

1 membership rounded down to one-tenth (0.1) of a full-time equivalency; and

2 (b) If the school type is high school, two (2)
3 guidance counselors for every five hundred (500) students in average daily
4 membership rounded down to one-tenth (0.1) of a full-time equivalency.

5 (ii) Each guidance counselor shall carry a resource
6 price of forty-seven thousand two hundred fifty dollars (\$47,250), or pro-
7 ration thereof rounded down to the nearest to one-tenth (0.1) of a full-time
8 equivalency;

9 (G) Librarians or Media Specialists.

10 (i) For every school, a school district shall be
11 apportioned funding for librarians or media specialists as follows:

12 (a) If the school type is middle school, for
13 one (1) librarian or media specialist for every five hundred (500) students
14 in average daily membership rounded down to one-tenth (0.1) of a full-time
15 equivalency;

16 (b) If the school type is high school, for one
17 and one-half (1.5) librarians or media specialists for every five hundred
18 (500) students in average daily membership rounded down to one-tenth (0.1) of
19 a full-time equivalency; and

20 (c) Each middle or high school will be
21 guaranteed funding for at least one-half (0.5) librarian or media specialist,
22 notwithstanding the calculations under this subdivision (a)(1)(G).

23 (ii) Each librarian or media specialist shall carry
24 a resource price of forty-seven thousand two hundred fifty dollars (\$47,250),
25 or pro-ration thereof rounded down to the nearest to one-tenth (0.1) of a
26 full-time equivalency; and

27 (H) Substitutes. For every classroom or specialist
28 teacher allocated under this section, each school district shall be
29 apportioned funding for ten (10) days for substitutes, which shall carry a
30 resource price of one hundred twenty-one dollars (\$121) per day; and

31 (2) Per-pupil Resources:

32 (A) Instructional Materials.

33 (i) For every school, a school district shall be
34 apportioned funding for instructional materials in the amount of two hundred
35 fifty dollars (\$250) for each student of average daily membership in that
36 school.

1 (ii) The amount provided for instructional materials
2 under this subdivision (2)(A) includes expenditures for classroom supplies
3 under § 6-21-303;

4 (B) Extra Duty Funds. For every school, a school district
5 shall be apportioned funding for extra duty as follows:

6 (i) If the school type is middle school, then sixty
7 dollars (\$60.00) for each student of average daily membership in that school;
8 and

9 (ii) If the school type is high school, then one
10 hundred twenty dollars (\$120) for each student in average daily membership in
11 that school; and

12 (C) Supervisory Aides. For every school, a school
13 district shall be apportioned funding for supervisory aides in the amount of
14 thirty-five dollars (\$35.00) for each student of average daily membership in
15 that school;

16 (3) Noninstructional and Support Components. For every school,
17 a school district shall be apportioned one thousand one hundred fifty-two
18 dollars (\$1,152) for each student of average daily membership in that school;
19 and

20 (4) Technology.

21 (A) For every school, a school district shall be
22 apportioned funding for technology in the amount of two hundred fifty dollars
23 (\$250) for each student of average daily membership in that school.

24 (B) To the extent that a school district receives funds
25 from sources other than funding under this subdivision (a)(4)(A) of this
26 section and the funds are used for expenditures for technology, the school
27 district may use an equal amount of funds received pursuant to this section
28 for expenditures for technology-related expenditures for personnel,
29 instructional material, internet course delivery, and distance learning
30 courses.

31 (C) In order to provide flexibility within the school
32 district and the schools in the school district, funds for technology under
33 this subdivision (a)(4)(A) of this section may be expended for other
34 categories in this section or § 6-20-2005, if the schools in the school
35 district meet standards for technology established by the state board.

36 (b)(1) In order to provide flexibility within the school district and

1 the schools in the school district, funds received pursuant to this section,
2 other than funds for technology, may be expended for any category in this
3 section or § 6-20-2005.

4 (2) Funds received under this section may be retained for future
5 school years.

6
7 6-20-2005. Needs-based funding amount.

8 (a) Each school district shall be guaranteed a needs-based funding
9 amount based upon the allocation of resources generated under this section as
10 follows:

11 (1) Needs-Based Personnel Resources:

12 (A) Teachers for Struggling Students. For every school, a
13 school district shall be apportioned funding for one (1) teacher for
14 struggling students for every one hundred (100) struggling students rounded
15 down to one-tenth (0.1) of a full-time equivalency, with the exception that
16 each school will be guaranteed funding for at least one (1) teacher for
17 struggling students, which shall carry a resource price of forty-six thousand
18 two hundred fifty dollars (\$46,250) for each teacher for struggling students,
19 or pro-ration thereof rounded down to the nearest to one-tenth (0.1) of a
20 full-time equivalency;

21 (B) Teachers for English Language Learning Students. For
22 every school, a school district shall be apportioned funding for four-tenths
23 (0.4) teacher for English language learning students for every one hundred
24 (100) English language learning students rounded down to one-tenth (0.1) of a
25 full-time equivalency, which shall carry a resource price of forty-six
26 thousand two hundred fifty dollars (\$46,250) for each teacher for English
27 language learning students, or pro-ration thereof rounded down to the nearest
28 to one-tenth (0.1) of a full-time equivalency;

29 (C) Teachers for Alternative Learning Environments. For
30 every school, a school district shall be apportioned funding for one (1)
31 teacher for alternative learning environments for every twenty (20) students
32 in alternative learning environments rounded down to one-tenth (0.1) of a
33 full-time equivalency, which shall carry a resource price of forty-six
34 thousand two hundred fifty dollars (\$46,250) for each teacher for alternative
35 learning environments, or pro-ration thereof rounded down to the nearest to
36 one-tenth (0.1) of a full-time equivalency; and

1 (D) Pupil Support Staff for Struggling Students.

2 (i) For every school, a school district shall be
3 apportioned funding for one (1) struggling student support staff person for
4 every one hundred (100) struggling students rounded down to one-tenth (0.1)
5 of a full-time equivalency.

6 (ii) Each eligible school will be guaranteed funding
7 for at least one (1) pupil support staff for struggling students,
8 notwithstanding the calculations under subdivision (a)(1)(D)(i) of this
9 section.

10 (iii) Struggling student support staff person shall
11 carry a resource price of forty-six thousand two hundred fifty dollars
12 (\$46,250), or pro-ration thereof rounded down to the nearest to one-tenth
13 (0.1) of a full-time equivalency; and

14 (2) Professional Development. For every school, a school
15 district shall be apportioned funding for professional development in the
16 amount of fifty dollars (\$50.00) for each student of average daily membership
17 in that school.

18 (b)(1)(A) Funds received pursuant to this section may be used
19 for any category included in this section.

20 (B) To the extent that a school district receives funds
21 from sources other than funding under this section and the funds are used for
22 expenditures under a funding category in this section, the school district
23 may use an equal amount of funds received pursuant to this section for
24 expenditures for any category included in this section.

25 (2) Funds received under this section may be retained for future
26 school years.

27
28 6-20-2006. Catastrophic special education and funding for isolated
29 school districts.

30 Funding for catastrophic special education and for isolated school
31 districts shall be allocated and funded to school districts pursuant to law
32 and rules governing the funding and from available funds in a line item
33 appropriation within the Public School Fund.

34
35 6-20-2007. Distribution adjustment for uniform rate of tax.

36 State funds to school districts under §§ 6-20-2004 and 6-20-2005 will

1 be an amount equal to the difference between:

2 (1) The total funding under §§ 6-20-2004 and 6-20-2005 for the
3 school district; and

4 (2) The sum of ninety-eight percent (98%) of uniform rate of
5 tax, established by Amendment 74, times the property assessment of the school
6 district plus seventy-five percent (75%) of the miscellaneous revenues of the
7 school district.

8
9 6-20-2008. Adjustment of funding for schools with increases in
10 students.

11 (a) If a school district's enrollment increases based on subsection
12 (b) of this section, state funding provided under this subchapter shall be
13 recalculated and additional funds distributed to the school district.

14 (b) A school district's enrollment increases if the school district's
15 second quarter average of the average daily membership of the current school
16 year exceeds the school district's average daily membership for the previous
17 school year.

18 (c) No school district shall lose state funding because of any
19 adjustments under this section.

20
21 6-20-2009. Calculation of payments and schedule of payments.

22 (a) The Department of Education shall calculate the amount of funds
23 authorized by this subchapter on at least three (3) occasions during the year
24 as follows:

25 (1) The first of these shall be done at the beginning of the
26 year.

27 (2) A second calculation shall occur at some point during the
28 year, making corrections for clerical errors and student growth.

29 (3) The third of these calculations shall be done at the end of
30 the year and shall settle all funding amounts due to school districts under
31 this subchapter.

32 (b) On or before July 1 of every year, the department shall set a
33 schedule of payments of funds authorized under this subchapter to school
34 districts.

35 (c) If statistical data required in this subchapter are not available
36 at the time they are required for calculations or if the school program is

1 disrupted for any cause not controlled by the local board of education, the
2 State Board of Education shall cause procedures to be developed which will
3 ensure that the provisions of this subchapter are properly enforced.

4
5 6-20-2010. Efficiency requirement.

6 (a)(1) Each school district must operate efficiently.

7 (2) Efficiency is achieved when the school district uses
8 foundational funding in § 6-20-2004 to meet the cost of complying with:

9 (A) The standards of accreditation as provided by rule or
10 as may be provided by law; and

11 (B) The minimum teacher salaries requirements of § 6-17-
12 2401, et seq.

13 (3) A determination of efficiency under this section shall not
14 include the cost of providing for special needs funded in § 6-20-2005, and
15 shall not include student transportation services or extracurricular
16 activities.

17 (4) By November 1 of each school year, each school district
18 shall file a report which provides the following information as of October 1
19 of the school year:

20 (A) The identity of and salary for each teacher that is
21 assigned to the curriculum and courses required by the Arkansas Standards for
22 Accreditation of Arkansas Public School promulgated by the Arkansas
23 Department of Education;

24 (B) The student-to-teacher ratio for each class or course
25 offered by each school in the school district; and

26 (C) Other information that may be required by the
27 department in order for each school district to establish that it is
28 efficiently expending foundational funding provided in § 6-20-2004(a) to meet
29 standards for accreditation and minimum teacher salary requirements as of
30 October 1 of each school year. Information related to expenditures for
31 special needs pursuant to § 6-20-2005, student transportation, and
32 extracurricular activities shall not be included in the report.

33 (b) Any school district that does not meet the requirements of
34 subsection (a) of this section shall be subject to sanctions under The
35 Quality Education Act of 2003, § 6-15-201, et. seq.

36

1 6-20-2011. Miscellaneous provisions.

2 (a) All general provisions, terms, phrases, and expressions used in
3 this subchapter or any related provisions of the Arkansas Code shall be
4 liberally construed to effectuate their purpose.

5 (b) The State Board of Education shall have the authority, acting
6 pursuant to its rule-making powers, to adopt regulations for the
7 implementation of the provisions of this subchapter in compliance with the
8 legislative findings and intent found in § 6-20-2002.

9 (c) If the Department of Education determines that an overpayment has
10 been made to a school district in any funding category authorized by this
11 subchapter, the department is authorized to withhold the overpayment from
12 future funding of the school district and is authorized to transfer the
13 amount withheld for the overpayment to the line item appropriation from which
14 the overpayment was initially made.

15 (d) Each school district shall prepare an annual statement of the
16 financial conditions and transactions of the school district as of June 30 of
17 each year in accordance with generally accepted accounting principles.

18 (e) In order for a school district to be entitled to state aid under
19 this subchapter, each school district shall satisfy the following
20 requirements:

21 (1) Expenditures for any fiscal year shall not exceed the legal
22 revenues for that year;

23 (2) The school district shall maintain such records and make
24 such reports relative to attendance, receipts, and disbursements and other
25 reports as required by the department for the administration of this
26 subchapter;

27 (3) The school district shall maintain proper financial records
28 in accordance with the state's school accounting manual and regulations
29 promulgated by the State Board of Education;

30 (4) The school district shall file annually with the State Board
31 of Education a salary schedule for its certified employees which recognizes a
32 minimum level of training and experience. This schedule shall reflect the
33 actual pay practices of the school district, including all fringe benefits.
34 Salary increments for experience or education, or both, shall be identified
35 on the schedule; and

36 (5)(A) All pupil attendance records shall be kept in their

1 original form and shall be public records.

2 (B) Pupil attendance records shall be kept according to
3 law and regulations, on paper or electronic forms either furnished or
4 approved by the department.

5 (C) Original pupil attendance records shall be kept on
6 file in the office of the superintendent of schools after the school term is
7 ended for a period of three (3) years and these records shall be available
8 for monitoring purposes during any day of the school term by the teachers or
9 other persons designated to keep attendance.

10 (f) School districts may not include the cost of substitute teachers,
11 extended contracts for extracurricular activities, or supplementary pay for
12 extracurricular activities in meeting the expenditures requirement for
13 student classroom teacher salaries.

14 (g) Any licensed classroom teacher or administrator that provides
15 false expenditure information may have his or her license placed on
16 probation, suspended, or revoked pursuant to rules promulgated by the State
17 Board of Education.

18
19 6-20-2012. Gifted and talented student expenditures.

20 School districts shall expend state and local funds on students in
21 gifted and talented programs in accordance with existing state law and rules
22 promulgated by the Department of Education.

23
24 SECTION 2. Arkansas Code Title 6, Chapter 20, is amended to add the
25 following subchapter:

26 6-20-2201. Title.

27 This subchapter shall be known and may be cited as the "Arkansas
28 Educational Financial Accounting and Reporting Act of 2003".

29
30 6-20-2202. School district budget and expenditure report.

31 (a)(1) The board of directors of each school district shall annually
32 prepare a budget of expenditures and receipts that shall be filed with the
33 Department of Education by August 15 of each year pursuant to the provisions
34 of this subchapter.

35 (2) Each budget shall be approved by the school district board
36 of directors at a legally held meeting and shall be signed by the president

1 of the board and the ex officio financial secretary of the school district.
2 The budget shall contain the information and be prepared in an electronic
3 format prescribed by rules of the State Board of Education governing
4 financial accounting for Arkansas school districts.

5 (b)(1)(A) Warrants or checks of the school district issued after the
6 date required by subsection (a) of this section shall be invalid unless a
7 budget has been filed as required by this subchapter and in compliance with
8 appropriate rules.

9 (B) The ex officio financial secretary of the school
10 district and his surety shall be liable for any warrants or checks
11 countersigned after the date required by subsection (a) of this section if a
12 budget has not been filed.

13 (2) Distribution of all grants and aids from the state for which
14 the school district may be eligible shall be suspended until the requirements
15 of this subchapter are met.

16 (c)(1) School district budgets filed pursuant to this section shall be
17 reviewed by the auditors of the financial accountability office of the
18 department to determine if the requirements of state law and the rules of the
19 state board regarding the use of school funds and expenditure requirements
20 are being met.

21 (2) Upon approval by the auditors, copies of the approved budget
22 shall be filed with the school district, the county treasurer if serving as
23 school treasurer, and the department.

24 (d)(1) The ex officio financial secretary of each school district
25 shall keep a record of *the daily expenditures* and receipts of the school
26 district in the manner and on the forms as may be specified by rules of the
27 state board and the School Audit Section of the Division of Legislative
28 Audit. *An annual record shall be filed by August 15 of each year with the*
29 *department.*

30 (2) If the auditors of the financial accountability office of
31 the department or the School Audit Section of the Division of Legislative
32 Audit determine that the financial records of any school district are not
33 properly maintained or that the financial affairs of the school district are
34 not administered in accordance with state law or state board rules, grants
35 and aids from the state to which the school district may be entitled shall be
36 withheld until it is determined that the fiscal records of the school

1 district are in order or that the financial affairs are being properly
2 administered as established by statute or by rule promulgated by the board,
3 provided that the department has met all deadlines for providing information
4 to school districts.

5 (e)(1) The department may withhold state aid from any school district
6 that fails to file its budget or any other required report with the
7 department by the deadline established by statute or by rule promulgated by
8 the state board, provided that the department has met all deadlines for
9 providing pertinent information to school districts.

10 (2) The department shall submit a list of all required financial
11 accountability reports along with due dates to each school district by July 1
12 of each year.

13 (f) The state board shall promulgate the necessary rules to fully
14 implement the provisions of this section.

15 (g) The Treasurer of State shall withhold the monthly distribution of
16 county aid provided under § 19-5-602(b) from any county that fails to provide
17 in a timely manner information to the department concerning the annual
18 abstract of assessment for each school district located wholly or in part in
19 the county.

20
21 6-20-2203 Uniform budget and accounting system required.

22 (a) The State Board of Education shall adopt by rule a uniform budget
23 and accounting system consistent with the Handbook IIR2 or future revisions
24 as published by the U.S. Department of Education, Office of Educational
25 Research and Improvements, for school districts, education service
26 cooperatives, and open enrollment charter schools. The rules shall be
27 developed by the Department of Education in cooperation with representatives
28 from the Arkansas Association of School Administrators, the Arkansas
29 Association of School Business Officials, and the Legislative Joint Auditing
30 Committee.

31 (b) The definitions contained in the Federal Handbook IIR2 shall be
32 used for school districts in Arkansas and shall be used to allow for valid
33 comparisons of expenditures among schools and among school districts.

34 (c) In addition the State Board of Education shall adopt by rule
35 “Arkansas Revisions” to the Federal Handbook IIR2. The rules shall be
36 developed by the Department of Education in cooperation with representatives

1 from the Arkansas Association of School Administrators, the Arkansas
2 Association of School Business Officials, and the Legislative Joint Auditing
3 Committee. Arkansas Revisions shall include but not be limited to:

4 (1) Categories to allow for the gathering of data on separate
5 functions and programs;

6 (2) Categories and descriptions of expenditures that each school
7 or school district shall report on its annual school performance report
8 authorized by the School Performance Report Act, § 6-5-1401 et seq. The
9 reported expenditures shall include, but not be limited to, the following
10 categories:

11 (A) Total Expenditures;

12 (B) Instructional Expenditures;

13 (C) Administrative Expenditures;

14 (D) Extracurricular Expenditures;

15 (E) Capital Expenditures; and

16 (F) Debt Service Expenditures; and

17 (3) Categories and descriptions of school and school district
18 expenditures that allow for the gathering of data on separate functions and
19 programs as described in the Education Funding Reform Act of 2003, § 6-20-
20 2001 et seq.

21 (d) The department shall have the authority to analyze and inspect the
22 financial records of any school or school district in order to verify that a
23 school or school district is correctly and accurately reporting expenditures.

24 (e) By November 1 of each year, the Department of Education shall
25 submit a report to the State Board of Education, the Governor, and the Senate
26 and House Interim Committees on Education concerning public school and public
27 school district expenditures as described in the Education Funding Reform Act
28 of 2003, § 6-20-2001 et seq.

29 (f) All rules, regulations, and revisions adopted under this
30 subchapter shall be adopted and published prior to the start of any fiscal
31 year for which they are applicable and shall allow for an implementation
32 schedule consistent with the method outlined in § 6-20-2206.

33
34 6-20-2204. Required training.

35 (a)(1) Any person whose job responsibility includes preparing the
36 budget or recording expenditures of a school or school district shall obtain

1 training and instruction necessary to demonstrate basic proficiency, as
2 determined by the Department of Education, in, including, but not limited to:

3 (A) School laws of Arkansas;

4 (B) Laws and rules governing the expenditure of public
5 education funds, fiscal accountability, and school finance;

6 (C) Ethics; and

7 (D) Financial accounting and reporting of local education
8 agency expenditures.

9 (2) Each year thereafter, any person whose job responsibility
10 includes preparing the budget or recording expenditures of a school or school
11 district shall obtain by December 31 of each calendar year, additional hours
12 of training and instruction as required by the department in order to
13 maintain basic proficiency in the topics described in subdivision (a)(1) of
14 this section.

15 (3)(A) The instruction may be received from an institution of
16 higher education in this state, from instruction sponsored by the Department
17 of Education, or by an in-service training program conducted by the Arkansas
18 Association of School Business Officials, or from another provider.

19 (B) Any instruction provider other than the department shall request
20 pre-approval as to form and content by the department.

21 (4)(A) If a person fails to obtain the required training by the
22 end of the calendar year and fails to cure the deficiency by March 1 of the
23 following calendar year without filing a request for extension of time, as
24 determined from the records of the department, the department shall
25 immediately notify the superintendent of the employing school district by
26 certified mail, return receipt requested, with a copy to the board president.

27 (B) The superintendent shall notify the person by
28 certified mail, return receipt requested, and the person shall be unable to
29 continue in his or her position from the date of receipt of notification by
30 the superintendent.

31 (5) If the person fails to obtain all required training by
32 December 31, this failure shall constitute one (1) citation against the
33 school district as measured by the Standards for Accreditation of Arkansas
34 Public Schools issued by the department.

35 (6) If the person is unable to obtain the required training
36 because of military service or illness as verified by a written sworn

1 statement of the person's attending physician, the department shall grant an
2 extension permitting the person additional time to obtain the required
3 training. The issuance of an extension shall not constitute a citation
4 against the school district as measured by the Standards for Accreditation of
5 Arkansas Public Schools issued by the department and shall not operate to
6 remove the person from his or her job.

7 (b)(1) A school district board of directors is authorized to pay per
8 diem and reimburse the expenses of a person required to obtain training under
9 this section.

10 (2) The expenses must be incurred in attending in-service
11 workshops, conferences, and other courses of training and instruction
12 necessary for completing the hours of instruction required under this
13 section.

14 (3) Payments may be made from funds belonging to the school
15 district.

16 (c) The State Board of Education shall modify the Standards for
17 Accreditation of Arkansas Public Schools issued by the department as may be
18 required by this section.

19 (d) It is the responsibility of the department to receive and maintain
20 records of instructional hours obtained by any individual covered under this
21 section.

22 (e) The state board is authorized to promulgate rules and regulations
23 consistent with the provisions of this section.

24
25 6-20-2205. Penalties.

26 Any school district that does not follow the provisions of this
27 subchapter shall be placed in fiscal distress as provided by law.

28
29 6-20-2206. Rule-making authority.

30 (a)(1) Before the 2004-2005 school year, the State Board of Education
31 shall promulgate rules governing and providing compliance with an established
32 uniform chart of accounts for budgeting of school and school district
33 revenues and expenditures and financial reporting in order for school
34 districts to comply with § 6-22-2202.

35 (2) These rules shall be applied to all school districts on a
36 pilot basis for the 2004-2005 school year.

1 (b) For the 2005-2006 school year and subsequent school years, the
2 Department of Education shall amend, prior to the beginning of any fiscal
3 year, as necessary the rules provided for in subsection (a) of this section
4 in order for school districts to comply with this subchapter.

5 (c) Any school district that fails to comply with state law or rules
6 governing and providing a uniform chart of accounts for budgeting of revenues
7 and expenditures and financial reporting shall be deemed to be in fiscal
8 distress and subject to the applicable enforcement provisions as provided by
9 law.

10 (d) Any school district that fails to comply with the expenditure
11 requirements of the Education Funding Reform Act of 2003, § 6-20-2001 et seq.
12 shall be deemed to be in fiscal distress and subject to the applicable
13 enforcement provisions as provided by law.

14
15 SECTION 3. Arkansas Code Title 6, Chapter 17, is amended to add the
16 following subchapter:

17 6-17-2401. Title.

18 This subchapter shall be known and may be cited as the “Minimum Teacher
19 Compensation Law of 2003”.

20
21 6-17-2402. Legislative intent.

22 The intent of this subchapter is for the State of Arkansas to create a
23 teacher compensation system that:

24 (1) Drives improvements in student academic achievement;

25 (2) Attracts and retains the best teachers possible;

26 (3) Provides teachers with meaningful and rewarding
27 opportunities for advancement in the profession based on the acquisition of
28 skills that enhance instructional excellence and student learning, taking on
29 leadership roles, and making exceptional professional contributions;

30 (4) Motivates and provides financial incentives for teacher
31 efforts and performance that leads directly to improved student achievement;

32 (5) Encourages and rewards teachers individually for increasing
33 their knowledge, skills, and competencies, and rewards teachers collectively
34 for improving student performance;

35 (6) Promotes a sense of ownership for student results and a
36 commitment to perform in a manner that promotes student achievement;

1 (7) Promotes professional collegial cooperation;

2 (8) Causes teachers to have a keen understanding of what is
3 expected of them and the priorities of the state; and

4 (9) Will be affordable, somewhat predictable, and in keeping
5 with the state's educational and fiscal objectives.

6
7 6-17-2403. Definitions.

8 As used in this subchapter:

9 (1) "Basic contract" means a teacher employment contract for a
10 number of days that does not exceed the number of days in the school year
11 required by the State Board of Education for accreditation for the school
12 year in which the contract is effective;

13 (2) "School-based performance awards" means the compensation
14 system defined in § 6-17-2308; and

15 (3) "Teacher" means any full-time employee of a public school
16 district who is compelled by law to secure a license from the State Board of
17 Education as a condition precedent to employment in a position in or related
18 to grades pre-kindergarten through twelve (preK-12) of the public schools of
19 this state.

20
21 6-17-2404. Minimum teacher compensation.

22 (a) The board of directors in each school district in the state shall
23 pay classroom teachers upon a minimum salary schedule that provides:

24 (1) Annual increments for education and experience;

25 (2) A base salary; and

26 (3) A minimum salary for a teacher with a master's degree and at
27 least fifteen (15) years of experience.

28 (b) In school year 2004-2005, each school district in the state shall
29 have in place a salary schedule that includes the following:

30 (1) A base salary of at least twenty-six thousand dollars
31 (\$26,000) for teachers with a bachelor's degree and no experience;

32 (2) A base salary of at least *twenty-nine thousand nine hundred*
33 *dollars* (\$29,900) for teachers with a master's degree and no experience; and

34 (3) Unless the school district's present salary schedule exceeds
35 the minimum requirements of this subsection (b), provision for at least
36 sixteen (16) annual increments for experience of:

1 (A) Four hundred fifty dollars (\$450) for a bachelor's
2 degree; and

3 (B) Five hundred dollars (\$500) for a master's degree.

4 (c) In school year 2005-2006, each school district in the state whose
5 teachers have not been assessed under § 6-17-2405 shall have in place a
6 salary schedule that includes the following:

7 (1) A base salary of at least twenty-seven thousand dollars
8 (\$27,000) for teachers with a bachelor's degree and no experience;

9 (2) A base salary of at least thirty-one thousand fifty dollars
10 (\$31,050) for teachers with a master's degree and no experience; and

11 (3) Unless the school district's present salary schedule exceeds
12 the minimum requirements of this subsection (c), provision for at least
13 sixteen (16) annual increments for experience of:

14 (A) Four hundred fifty dollars (\$450) for a bachelor's
15 degree; and

16 (B) Five hundred dollars (\$500) for a master's degree.

17 (d) In school year 2006-2007 and each school year thereafter, each
18 school district in the state shall have in place a salary schedule that
19 includes the following:

20 (1) A base salary of at least twenty-eight thousand dollars
21 (\$28,000) for teachers with a bachelor's degree and no experience;

22 (2) A base salary of at least thirty-two thousand two hundred
23 dollars (\$32,200) for teachers with a master's degree and no experience; and

24 (3) Unless the school district's present salary schedule exceeds
25 the minimum requirements of this subsection (d), provision for at least
26 sixteen (16) annual increments for experience of:

27 (A) Four hundred fifty dollars (\$450) for a bachelor's
28 degree; and

29 (B) Five hundred dollars (\$500) for a master's degree.

30 (e) For purposes of the salary schedules described in this section,
31 the teacher's experience shall be his or her total years in any school
32 district in the state and shall not be based only upon the years in the
33 school district in which he or she is currently employed.

34
35 6-17-2405. Additional pay for certain teacher qualities.

36 (a)(1) For the school year 2004-2005 and every school year thereafter,

1 school districts shall pay a teacher an additional four and six tenths
2 percent (4.6%) of the teacher's salary if the teacher teaches in an academic
3 field in which there is a shortage of teachers.

4 (2) The State Board of Education shall determine each year the
5 academic areas in which there is a shortage of teachers.

6 (b)(1) For the school year 2004-2005, and every school year
7 thereafter, school districts shall pay a teacher an additional five percent
8 (5%) of the teacher's salary if the teacher teaches in a geographic area in
9 which there is difficulty in recruiting and retaining teachers.

10 (2) The State Board of Education shall determine each year the
11 geographic areas in which there is a difficulty in recruiting and retaining
12 teachers.

13 (c) The additional pay for teachers authorized by this section shall
14 be paid by school districts with funds provided by the Department of
15 Education.

16
17 6-17-2406. School-based performance awards.

18 (a)(1) For the school year 2004-2005 and each year thereafter, the
19 Department of Education shall pay four (4) levels of school-based performance
20 awards to schools that exhibit excellence in meeting state performance goals.

21 (2) The State Board of Education shall promulgate rules that
22 provide the qualifications for receiving awards under this section.

23 (b)(1) The amount of the school-based performance award shall be based
24 upon the extent to which the school accomplished established student
25 achievement goals pursuant to the rules promulgated by the state board.

26 (2) A school that does not accomplish the goals will receive no
27 award.

28 (3) A school that has basic accomplishment of the goals will
29 receive an award equal to one thousand dollars (\$1,000) for each certified
30 teacher and administrator in the school, plus five hundred dollars (\$500) for
31 each support staff member in the school.

32 (4) A school that accomplishes targeted improvement goals will
33 receive an award equal to two thousand dollars (\$2,000) for each certified
34 teacher and administrator in the school, plus one thousand dollars (\$1,000)
35 for each support staff member in the school.

36 (5) A school that exceeds the targeted improvement goals will

1 receive an award equal to three thousand dollars (\$3,000) for each certified
2 teacher and administrator in the school, plus one thousand five hundred
3 dollars (\$1,500) for each support staff member in the school.

4
5 6-18-2407. Future adjustments of the compensation system.

6 Each biennium, the House Interim Committee on Education and the Senate
7 Interim Committee on Education shall analyze the compensation levels provided
8 in this subchapter, review relevant data, and make recommendations to the
9 General Assembly for any adjustments to the compensation levels as needed to
10 further the objectives provided in § 6-17-2402.

11
12 SECTION 4. Arkansas Code § 6-23-501 is amended to read as follows:

13 6-23-501. Funding for open-enrollment charter schools.

14 (a)(1) An open-enrollment charter school shall receive funds equal to
15 ~~the minimum state and local revenue per average daily membership as defined~~
16 ~~in § 6-20-303~~ the amount that the open-enrollment charter school generates
17 under the provisions of the Education Funding Reform Act of 2003, § 6-20-
18 2001, et seq., as if it were a public school in a school district.

19 (2) Funding for an open-enrollment charter school shall be based upon
20 the current year three-quarter average daily membership of the open-
21 enrollment charter school as follows:

22 (A) The initial funding estimate for each school year shall be based
23 on enrollment as of April 15 preceding the school year in which the students
24 are to attend;

25 (B) In December, funding will be adjusted based on the first quarter
26 average daily membership; and

27 (C) A final adjustment will be made after the current year three-
28 quarter average daily membership is established.

29 (3) Funding for an open-enrollment charter school shall be paid in
30 twelve (12) equal installments each fiscal year.

31 (b) Except for state transportation aid funds, an open-enrollment
32 charter school may receive other state and federal aids, grants, and revenue
33 as may be provided by law.

34 (c) Open-enrollment charter schools may receive gifts and grants from
35 private sources in whatever manner is available to public school districts.

36

1 SECTION 5. Arkansas Code, Title 6, Chapter 20, Subchapter 3,
2 concerning the Equitable School Finance System Act of 1995, is repealed.

3 ~~6-20-301. Title.~~

4 ~~This subchapter shall be known as the "Equitable School Finance System~~
5 ~~Act of 1995".~~

6
7 ~~6-20-302. Legislative findings.~~

8 ~~(a) The General Assembly recognizes that intelligence and virtue are~~
9 ~~the safeguards of liberty and the bulwark of a free and good government and~~
10 ~~that the Arkansas Constitution, Article 14, § 1 requires the state to ever~~
11 ~~maintain a general, suitable, and efficient system of free public schools and~~
12 ~~to adopt all suitable means to secure to the people the advantages and~~
13 ~~opportunities of education.~~

14 ~~(b) The General Assembly finds that the education of the children of~~
15 ~~this state is best secured by maintaining as much local control over the day-~~
16 ~~to-day management of school operations as is consistent with state~~
17 ~~constitutional requirements, and it is the intent of this subchapter to~~
18 ~~maintain and foster such local control consistent with the state's~~
19 ~~constitutional mandate to assure suitability and efficiency in the public~~
20 ~~school system.~~

21 ~~(c) The General Assembly finds that a suitable and efficient system of~~
22 ~~public education should:~~

23 ~~(1) Assure the availability of substantially equal and~~
24 ~~constitutionally appropriate revenue for the education of each similarly~~
25 ~~situated child in the public schools, regardless of where that child resides~~
26 ~~within the state;~~

27 ~~(2) Assure that each school age child resides in a school~~
28 ~~district that offers a competitive minimum salary for classroom teachers;~~

29 ~~(3) Assure that there is incentive and opportunity for patrons~~
30 ~~of each school district to provide a greater degree of financial support for~~
31 ~~students of the district than may be provided in other districts;~~

32 ~~(4) Assure that:~~

33 ~~(A) All students graduating from high school are able to~~
34 ~~demonstrate a defined minimum level of competence in:~~

35 ~~(i) English communications, oral, reading, and~~
36 ~~writing;~~

1 ~~(ii) Mathematics skills; and~~

2 ~~(iii) Science and social studies disciplines; and~~

3 ~~(B) Such minimum level of competence evolves over time to~~
4 ~~higher levels;~~

5 ~~(5) Assure that students with disabilities have the opportunity~~
6 ~~to graduate from high school by demonstrating alternative competencies or~~
7 ~~alternative levels of competency;~~

8 ~~(6) Assure that students who are not on track for high school~~
9 ~~graduation are identified at a sufficiently early date that they may be~~
10 ~~provided an opportunity at a reasonable cost to achieve the minimum levels of~~
11 ~~competence necessary to graduate from high school;~~

12 ~~(7) Recognize that graduating from high school requires that the~~
13 ~~student, as well as the parent, parents, or guardian of the student, work~~
14 ~~hard and assume appropriate responsibility for the student's success or~~
15 ~~failure;~~

16 ~~(8) Encourage parental involvement in the public schools and~~
17 ~~public school activities;~~

18 ~~(9) Recognize that public schools must provide a safe,~~
19 ~~disciplined, and drug-free environment for students and teachers;~~

20 ~~(10) Avoid disproportionate variances among school districts in~~
21 ~~the financial support burden imposed on taxpayers;~~

22 ~~(11) Avoid unnecessary duplication of administrative and~~
23 ~~operational expenses;~~

24 ~~(12) Avoid disproportionate variances among school districts in~~
25 ~~the use of classroom teachers and capital resources; and~~

26 ~~(13) Recognize that early attention to and correction of student~~
27 ~~deficiencies are substantially less expensive and more effective than~~
28 ~~remedial efforts in the later school grades.~~

29 ~~(d)(1) The General Assembly acknowledges that the Arkansas~~
30 ~~Constitution requires the state to provide a general, suitable, and efficient~~
31 ~~system of free public schools.~~

32 ~~(2) Such obligation has been held by the Arkansas courts to be a~~
33 ~~paramount duty of the state.~~

34 ~~(e) The General Assembly recognizes that the supervision of public~~
35 ~~schools and the execution of the laws regulating the schools shall be vested~~
36 ~~in such officers as the General Assembly provides.~~

1 ~~(f) The state has a limited pool of resources to provide a general,~~
2 ~~suitable, and efficient system of free public schools.~~

3 ~~(g) The state recognizes the importance of local decision making in~~
4 ~~the education process.~~

5
6 ~~6-20-303. Definitions.~~

7 ~~As used in this subchapter, unless the context otherwise requires:~~

8 ~~(1) "Additional base funding" means the state funding to local~~
9 ~~school districts to ensure that a local school district's total state and~~
10 ~~local revenue per average daily membership is no less than the minimum state~~
11 ~~and local revenue per average daily membership;~~

12 ~~(2) "Additional mills for maintenance and operation" means~~
13 ~~millage levied by the electors of a local school district for maintenance and~~
14 ~~operation in excess of those allocated to the uniform rate of tax;~~

15 ~~(3) "Alternative learning environment" means an intervention~~
16 ~~program in compliance with §§ 6-18-508 and 6-18-509 that seeks to eliminate~~
17 ~~traditional barriers to learning for students and includes a component for~~
18 ~~the education of gifted and talented students;~~

19 ~~(4) "Average daily membership" means the total number of days~~
20 ~~attended plus the total number of days absent by students in grades~~
21 ~~kindergarten through twelve (K-12) during the first three (3) quarters of~~
22 ~~each school year divided by the number of school days actually taught in the~~
23 ~~district during that period of time rounded up to the nearest hundredth. In~~
24 ~~those instances in which the average daily membership for less than three (3)~~
25 ~~quarters is specified, the number of days used in the calculation shall be~~
26 ~~the days in the specified period of time. As applied to this subchapter,~~
27 ~~students who may be counted for average daily membership are:~~

28 ~~(A) Students who reside within the boundaries of the~~
29 ~~school district and who are enrolled in a public school operated by the~~
30 ~~district or a private school for special education students, with their~~
31 ~~attendance resulting from a written tuition agreement approved by the~~
32 ~~Department of Education;~~

33 ~~(B) Legally transferred students living outside the~~
34 ~~district but attending a public school in the district; and~~

35 ~~(C) Students who reside within the boundaries of the~~
36 ~~school district and who are enrolled in the Arkansas National Guard Youth~~

1 ~~Challenge Program, so long as the students are participants in the program;~~

2 ~~(5) "Base local revenue per student" means:~~

3 ~~(A) If Category 1 is fully funded, the local revenue per~~
4 ~~student in the local school district with the highest amount of local revenue~~
5 ~~per student; or~~

6 ~~(B) If Category 1 is not fully funded, the revenue per~~
7 ~~student to which the state equalizes, which is calculated by:~~

8 ~~(i) Taking the sum of:~~

9 ~~(a) The total available state aid for state~~
10 ~~equalization funding per student;~~

11 ~~(b) Ninety eight percent (98%) of the uniform~~
12 ~~rate of tax times the total state assessed valuation; and~~

13 ~~(c) Seventy five percent (75%) of the average~~
14 ~~miscellaneous funds collected in the previous five (5) years or previous~~
15 ~~year, whichever is less; and~~

16 ~~(ii) Dividing the sum by the total state average~~
17 ~~daily membership for the previous year;~~

18 ~~(6) "Classroom teacher" means:~~

19 ~~(A) An individual who is required to hold a teaching~~
20 ~~license from the department and who is engaged directly in instruction with~~
21 ~~students in a classroom setting for more than seventy percent (70%) of the~~
22 ~~individual's contracted time;~~

23 ~~(B) A guidance counselor; or~~

24 ~~(C) A librarian;~~

25 ~~(7) "Debt service funding supplement" means the state financial~~
26 ~~aid provided to qualifying local school districts for the purpose of reducing~~
27 ~~existing debt service burdens and increasing the amount of local revenue~~
28 ~~available for maintenance and operations expenditures and calculated as~~
29 ~~follows: For each mill of eligible debt service millage required, the local~~
30 ~~school shall be provided a dollar amount of no less than fifteen dollars~~
31 ~~(\$15.00) per average daily membership times the state wealth index;~~

32 ~~(8) "Debt service millage" means the total number of mills voted~~
33 ~~by the electors of a school district to be pledged as security for the~~
34 ~~retirement of bonded indebtedness;~~

35 ~~(9) "Debt service millage required" means the calculated millage~~
36 ~~rate equal to the amount of millage pledged to mandatory callable bonds plus~~

1 ~~the result of the scheduled calendar year bonded debt payment divided by the~~
2 ~~total assessed value of real, personal, and utility property in the local~~
3 ~~school district;~~

4 ~~(10) "Eligible debt service millage required" means, in the~~
5 ~~computation of the debt service funding supplement, the debt service millage~~
6 ~~required for bonds issued before May 30 of each year;~~

7 ~~(11) "Excess debt service millage" means the difference between~~
8 ~~the debt service millage levied and the debt service millage required. This~~
9 ~~amount shall be presumed to be available for maintenance and operation but~~
10 ~~may be used for other school purposes provided that the district is in~~
11 ~~compliance with the uniform rate of tax;~~

12 ~~(12) "General facility funding" means the state financial aid~~
13 ~~provided to each local school district from funds made available for that~~
14 ~~purpose and based on a facilities needs assessment justification approved by~~
15 ~~the department and calculated as follows: Multiply the local school~~
16 ~~district's average daily membership for the previous year by the state wealth~~
17 ~~index, times a rate established by the State Board of Education;~~

18 ~~(13) "Incentive funding" means the state financial aid provided~~
19 ~~to local school districts below the ninety fifth percentile for the purpose~~
20 ~~of eliminating the incentive a local school district may have to reduce its~~
21 ~~additional mills available for maintenance and operations and which is~~
22 ~~calculated by taking one half (1/2) of the difference between the amount of~~
23 ~~additional base funding a local school district would have received if it~~
24 ~~only levied the uniform rate of tax and the additional base funding the~~
25 ~~district receives in the current school year. For purposes of the calculation~~
26 ~~of the amount of additional base funding a district would have received if it~~
27 ~~had only levied the uniform rate of tax, twenty five percent (25%) of the~~
28 ~~miscellaneous funds received by any local school district shall be excluded~~
29 ~~from the calculation;~~

30 ~~(14) "Isolated funding" means the state financial aid provided~~
31 ~~to local school districts with an average daily membership of fewer than~~
32 ~~three hundred fifty (350) from funds made available for that purpose and~~
33 ~~which is calculated as follows:~~

34 ~~(A) (350 Previous year's average daily membership) divided~~
35 ~~by eight hundred fifty (850) times previous year's average daily membership~~
36 ~~times the base local revenue per student;~~

1 ~~(B)—Local school districts with an average daily~~
2 membership density of less than one and two tenths (1.2) shall receive
3 additional funds equal to fifty percent (50%) of aid received under
4 subdivision (14)(A) of this section;

5 ~~(C)—For the purpose of calculating isolated funding, any~~
6 local school district that has an average daily membership density greater
7 than 5.0 shall be excluded. Provided, however, if a local school district has
8 a local revenue per student less than sixty percent (60%) of the effective
9 average, it shall receive isolated funding;

10 ~~(D)—No school district shall receive less isolated funding~~
11 in future years than the district received during the 1996-1997 school year
12 because of subdivision (14)(C) of this section; and

13 ~~(E)—If the statewide amount for isolated funding~~
14 calculated pursuant to this section is less than the amount appropriated for
15 isolated funding, the state board may include a funding factor to the
16 calculation in subdivision (14)(A) of this section in order to expend up to
17 the appropriated amount;

18 ~~(15)—"Local revenue per student" means in each year ninety-eight~~
19 percent (98%) of the amount of revenue available, whether or not collected,
20 in a local school district solely from the levy of the uniform rate of tax
21 plus seventy five percent (75%) of the average miscellaneous funds collected
22 in the previous five (5) years or the previous year, whichever is less,
23 divided by the average daily membership of the local school district for the
24 previous year;

25 ~~(16)—"Local school district" means a geographic area with an~~
26 elected board of directors that qualifies as a taxing unit for purposes of ad
27 valorem property taxes under § 26-1-101 et seq. and which board conducts the
28 daily affairs of public schools pursuant to the supervisory authority vested
29 in it by the General Assembly;

30 ~~(17)—"Local school district at the ninety fifth percentile"~~
31 means, when ranking districts in descending order by the total state and
32 local revenue per average daily membership, a district that falls at the
33 ninety fifth percentile of the total number of pupils in attendance in the
34 schools of this state, as described by 34 C.F.R. § 222.63 (1994);

35 ~~(18)—"Mandatory callable bonds" means a bond issue in which all~~
36 net proceeds from debt service millage used to secure the issuance of that

1 ~~bond must be applied to payment of the issue and cannot be used for any other~~
2 ~~purpose;~~

3 ~~(19) "Millage rate" means the millage rate listed in the most~~
4 ~~recent tax ordinance approved by the county quorum court under the authority~~
5 ~~of § 14-14-904;~~

6 ~~(20) "Minimum state and local revenue per average daily~~
7 ~~membership" means an amount no less than eighty percent (80%) of the total~~
8 ~~state and local revenue per average daily membership of the local school~~
9 ~~district at the ninety fifth percentile;~~

10 ~~(21) "Miscellaneous funds" means those funds received by a local~~
11 ~~school district from federal forest reserves, federal grazing rights, federal~~
12 ~~mineral rights, federal impact aid, federal flood control, wildlife refuge~~
13 ~~funds, severance taxes, funds received by the district in lieu of taxes, and~~
14 ~~local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et~~
15 ~~seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et seq.;~~

16 ~~(22) "Previous year" means the school year immediately preceding~~
17 ~~the school year in which funds are allocated;~~

18 ~~(23) "State equalization funding per student" means the amount~~
19 ~~of state financial aid per average daily membership for the previous year~~
20 ~~provided to each local school district calculated by subtracting the local~~
21 ~~revenue per student from the base local revenue per student;~~

22 ~~(24) "State wealth index" means the result of one (1) minus the~~
23 ~~ratio of local revenue per student divided by state equalization funding per~~
24 ~~student;~~

25 ~~(25) "Student classroom teacher funding" means the state~~
26 ~~financial aid provided to each local school district calculated as an amount~~
27 ~~equal to the amount allocated for student classroom teacher funding divided~~
28 ~~by the total state average daily membership for the previous year times the~~
29 ~~receiving school district's average daily membership for the previous year;~~

30 ~~(26) "Student growth funding" means the amount of state~~
31 ~~financial aid provided to each local school district from the funds made~~
32 ~~available for that purpose calculated as the base local revenue per student~~
33 ~~multiplied by the increase, if any, in the local school district's two-~~
34 ~~quarter average of the average daily membership of the current year over the~~
35 ~~local school district's average daily membership for the previous year;~~

36 ~~(27) "Student needs funding" means the amount of state financial~~

1 aid provided to each local school district from available special education
2 funding, vocational education funding, at risk funding, isolated funding,
3 transportation aid, and any other categories of student needs funding which
4 may be subsequently identified pursuant to rules and regulations promulgated
5 by the state board;

6 (28) ~~"Student unit funding" means the state financial aid~~
7 ~~provided to each local school district, which is calculated as follows: By~~
8 ~~dividing the total funds available for textbook aid, alternative education,~~
9 ~~including gifted and talented education programs, restructuring, and staff~~
10 ~~development by the total state average daily membership for the previous year~~
11 ~~and multiplying by the local school district's average daily membership for~~
12 ~~the previous year;~~

13 (29) ~~"Total state and local revenue per average daily~~
14 ~~membership" means in each local school district, the amount calculated by:~~

15 (A) ~~Taking the sum of:~~

16 (i) ~~The local school district's uniform rate of tax~~
17 ~~times ninety eight percent (98%) of the district's assessed valuation;~~

18 (ii) ~~The local school district's additional mills~~
19 ~~for maintenance and operation times ninety eight percent (98%) of the~~
20 ~~district's assessed valuation;~~

21 (iii) ~~The local school district's miscellaneous~~
22 ~~funds; and~~

23 (iv) ~~State equalization funding, student classroom~~
24 ~~teacher funding, student unit funding, vocational funding, general facilities~~
25 ~~funding, and student growth funding available to the local school district;~~
26 ~~and~~

27 (B) ~~By dividing by the average daily membership of the~~
28 ~~local school district; and~~

29 (30) ~~"Uniform rate of tax" means a uniform rate of ad valorem~~
30 ~~property tax of twenty five (25) mills to be levied on the assessed value of~~
31 ~~all taxable real, personal, and utility property in the state to be used~~
32 ~~solely for the maintenance and operation of the schools. In calculating the~~
33 ~~uniform rate of tax imposed by Arkansas Constitution, Article 14, § 3, as~~
34 ~~amended by Amendments 11, 40, and 74, the following categories of millage may~~
35 ~~be utilized to meet the minimum millage requirement:~~

36 (A) ~~The local school district's maintenance and operation~~

1 millage;

2 (B) ~~The dedicated maintenance and operation millage;~~

3 (C) ~~Excess debt service millage; and~~

4 (D) ~~The millage derived from the ratio of the debt service~~
5 ~~funding supplements divided by the total assessment.~~

6
7 ~~6-20-304. Liberal construction.~~

8 ~~All general provisions, terms, phrases, and expressions used in this~~
9 ~~subchapter or any related provisions of this Code shall be liberally~~
10 ~~construed so as to effectuate its purposes.~~

11
12 ~~6-20-305. Miscellaneous.~~

13 ~~The State Board of Education shall have authority, acting pursuant to~~
14 ~~its rule-making powers, to adopt regulations for the implementation of the~~
15 ~~provisions of this subchapter.~~

16
17 ~~6-20-306. School funding.~~

18 ~~(a)(1) Beginning with the 1996-1997 school year, the Department of~~
19 ~~Education shall provide from available funds the following school funding~~
20 ~~categories in the priorities listed to local school districts:~~

21 (A) ~~Category 1. State equalization funding per student;~~

22 (B) ~~Category 2. Student classroom teacher funding;~~

23 (C) ~~Category 3. Student unit funding; and~~

24 (D) ~~Category 4. Student needs funding.~~

25 ~~(2) No subsequent category of funding shall receive any funding~~
26 ~~until each prior category is fully funded.~~

27 ~~(b)(1) If any category of funding excluding Category 1 is only~~
28 ~~partially funded, each local school district shall receive a pro rata share.~~

29 ~~(2) However, if the General Assembly determines that any element~~
30 ~~of Category 3 or 4 needs to be funded before full funding of any preceding~~
31 ~~category is achieved, then that subset of either Category 3 or Category 4~~
32 ~~shall be funded exclusive of the previously listed categories.~~

33
34 ~~6-20-307. Facilities.~~

35 ~~(a) General facilities funding, isolated funding, and student growth~~
36 ~~shall be provided to local school districts from available funds in a line~~

1 ~~item appropriation within the Public School Fund.~~

2 ~~(b)(1) The state shall provide from available funds a debt service~~
3 ~~funding supplement to qualifying local school districts for the purpose of~~
4 ~~reducing debt service burdens issued before May 30 of each fiscal year and~~
5 ~~increasing the amount of local revenue available for maintenance and~~
6 ~~operations expenditures.~~

7 ~~(2) The legislative intent is to continue providing a debt~~
8 ~~service funding supplement to qualifying local school districts through~~
9 ~~available funds in a line item appropriation within the fund.~~

10
11 ~~6-20-308. Department of Education to provide funding—Adjustments for~~
12 ~~overpayments.~~

13 ~~(a)(1) After determining the amount of state equalization funding,~~
14 ~~student classroom teacher funding, student unit funding, vocational funding,~~
15 ~~general facilities funding, and student growth funding available to each~~
16 ~~local school district, the Department of Education shall provide any~~
17 ~~additional base funding necessary to ensure that the total state and local~~
18 ~~revenue per average daily membership of each local school district is no less~~
19 ~~than the minimum state and local revenue per average daily membership.~~

20 ~~(2) For the purposes of additional base funding, any questions as to~~
21 ~~what revenue shall be included will be determined by reference to 34 C.F.R. §~~
22 ~~222.63 (1994).~~

23 ~~(b) A school district shall not lose any state funding as a result of~~
24 ~~debt service savings produced by refunding outstanding bonds provided that:~~

25 ~~(1) The yearly savings produced by the refunding is deposited~~
26 ~~into a refunding savings building fund and is used by the district for the~~
27 ~~building and equipping of school buildings, for major adaptations to a~~
28 ~~facility, or for purchasing sites therefor; and that~~

29 ~~(2) Prior to the date that the refunding bonds are sold at~~
30 ~~public sale, the district submits a certificate to the Director of the~~
31 ~~Department of Education certifying that the yearly debt service savings will~~
32 ~~be used for the purposes described in this subsection (b).~~

33 ~~(c) If the department shall determine that an overpayment has been~~
34 ~~made to a local school district in any appropriation authorized by this~~
35 ~~subchapter, the department is authorized to withhold the overpayment from~~
36 ~~state equalization funding and is authorized to transfer the amount withheld~~

1 ~~for the overpayment to the line item appropriation from which the overpayment~~
2 ~~was initially made.~~

3
4 ~~6-20-309. Local school districts—Restrictions on use of specific~~
5 ~~funding.~~

6 ~~(a) Local school districts may expend Category 1 funds for student~~
7 ~~classroom teacher funding, student unit funding, and student needs funding.~~

8 ~~(b) A local school district may only use general facilities funding~~
9 ~~for the purchase of school buses, furniture, equipment, and computer software~~
10 ~~or for the renovation or repairs of existing facilities.~~

11 ~~(c) Local school districts may not use student classroom teacher~~
12 ~~funding to compensate anyone other than classroom teachers.~~

13
14 ~~6-20-310. Local school districts—Required expenditures.~~

15 ~~(a) Local school districts shall expend state and local revenues on~~
16 ~~students evaluated as special education students in accordance with existing~~
17 ~~federal and state laws and Department of Education regulations.~~

18 ~~(b) Local school districts shall expend state and local revenues on~~
19 ~~students in alternative learning environments and in gifted and talented~~
20 ~~programs in accordance with existing state laws and department regulations.~~

21
22 ~~6-20-311. Local school districts.~~

23 ~~(a) Beginning with the 1995-1996 school year, each local school~~
24 ~~district shall prepare an annual certified audit of the financial condition~~
25 ~~and transactions of the local school district as of June 30 of each year in~~
26 ~~accordance with generally accepted accounting practices and containing any~~
27 ~~other data as determined by the State Board of Education.~~

28 ~~(b) Nothing in this legislation shall be construed to authorize,~~
29 ~~permit, or require consolidation of any school district.~~

30 ~~(c) [Repealed.]~~

31
32 ~~6-20-319. Other requirements for state aid.~~

33 ~~In order for a district to be entitled to state aid under the~~
34 ~~provisions of this subchapter, each district shall satisfy the following~~
35 ~~requirements:~~

36 ~~(1) Expenditures for any fiscal year shall not exceed the legal~~

1 ~~revenues for that year;~~

2 ~~(2) The district shall maintain such records and make such~~
3 ~~reports relative to attendance, receipts, and disbursements and other reports~~
4 ~~as required by the Department of Education for the administration of this~~
5 ~~subchapter;~~

6 ~~(3) The district shall maintain proper financial records in~~
7 ~~accordance with the state's school accounting manual and regulations~~
8 ~~promulgated by the State Board of Education;~~

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

14 ~~(5) All pupil attendance records shall be kept in their original~~
15 ~~form and shall be public records. They shall be kept according to law and~~
16 ~~regulations, on paper or electronic forms either furnished or approved by the~~
17 ~~department. Original attendance records shall be kept on file in the office~~
18 ~~of the superintendent of schools after the school term is ended for a period~~
19 ~~of three (3) years, and these records shall be available for monitoring~~
20 ~~purposes during any day of the school term by the teachers or other persons~~
21 ~~designated to keep attendance.~~

22
23 ~~6-20-320. Computation of classroom teacher salaries.~~

24 ~~Local school districts may not include the cost of substitute teachers,~~
25 ~~extended contracts for extracurricular activities, or supplementary pay for~~
26 ~~extracurricular activities in meeting the expenditures requirement for~~
27 ~~student classroom teacher salaries.~~

28
29 ~~6-20-323. Special needs students.~~

30 ~~(a) The Department of Education shall provide special assistance for~~
31 ~~students with special needs to local school districts from available revenues~~
32 ~~from line item appropriations in the Public School Fund.~~

33 ~~(b) Funding for students with limited English proficiency shall be~~
34 ~~based upon actual students who have been identified based on the use of an~~
35 ~~English proficiency assessment instrument. These funds shall be distributed~~
36 ~~pro rata based upon the number of students identified as limited English~~

1 proficient.

2 ~~(c) Funding for special education—catastrophic occurrences shall be~~
3 ~~based upon those individual cases where special education and related~~
4 ~~services required by the individualized education program of a particular~~
5 ~~student with disabilities are unduly expensive, extraordinary, or beyond the~~
6 ~~routine and normal costs associated with special education and related~~
7 ~~services provided by a local school district.~~

8 ~~(d)(1) Funding for students with low socioeconomic status shall be~~
9 ~~based on students in kindergarten through grade one (K-1) living in areas~~
10 ~~with high concentrations of low income families or from low income families~~
11 ~~as indicated by eligibility for the free or reduced price lunch program under~~
12 ~~the National School Lunch Act or any other act of Congress. These funds shall~~
13 ~~be used only for early intervention strategies sanctioned by the department~~
14 ~~in reading and writing literacy or mathematics for students in pre-~~
15 ~~kindergarten through grade one (preK-1).~~

16 ~~(2) Funding for students with low socioeconomic status shall~~
17 ~~only be funded through June 30, 2005.~~

18 ~~(e) Funding for students in alternative learning environments shall be~~
19 ~~distributed either through grants, competitive or otherwise, or pro rata~~
20 ~~based upon the number of full-time equivalent students participating in a~~
21 ~~nontraditional or flexible instructional program designed to improve student~~
22 ~~achievement in the core academic subjects which the students could not~~
23 ~~achieve in a regular classroom environment.~~

24 ~~(f) The State Board of Education shall promulgate rules and~~
25 ~~regulations for the disbursement of available funds for special needs~~
26 ~~students explicated in this section.~~

27
28 ~~6-20-324. Incentive revenues to encourage local millage.~~

29 ~~After the calculation and provision of additional base funding, the~~
30 ~~Department of Education shall provide incentive funding to local school~~
31 ~~districts below the district at the ninety fifth percentile in order to~~
32 ~~reward local school districts for levying additional mills available for~~
33 ~~maintenance and operations and in order to remove the potential disincentive~~
34 ~~for a local school district to reduce its additional mills available for~~
35 ~~maintenance and operations in order to receive additional base funding or in~~
36 ~~order to receive an increase in additional base funding.~~

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

~~6-20-325. State equalization funding for natural disaster areas.~~

~~(a) When any county in the State of Arkansas is declared a disaster area by the Federal Emergency Management Administration, the school districts that experienced loss of students due to the disaster and that are located within that county shall receive funding.~~

~~(b)(1) The school district shall be responsible for requesting these funds and for providing documentation required by the Department of Education.~~

~~(2) The school district is required to document the loss in enrollment specifically due to the disaster.~~

~~(c)(1) Funding shall be provided for two (2) years, based on the loss in revenues from the loss in average daily membership in the first year subsequent to the natural disaster as compared to the year in which the natural disaster occurred.~~

~~(2) Funding shall be calculated each fiscal year, with each qualifying school district receiving either full reimbursement or a pro-rata share of the total funds available.~~

~~(d) A school district may not receive funds both for a loss in students due to a natural disaster and for a loss in revenues due to a loss in students.~~

~~(e) These funds shall be distributed in accordance with rules and regulations promulgated by the department.~~

~~6-20-326. Districts losing revenues.~~

~~(a) The Department of Education shall provide funding to local school districts from available funds to aid local school districts which have suffered a significant loss of revenues. The loss of revenues considered under this section shall have occurred in a one-year period. Funding under this section shall only be for one (1) year and shall be considered nonrestricted revenues included in the calculation of total state and local funding per average daily membership.~~

~~(b) Under no circumstances may a school district receive both student growth funding and loss funding authorized by this section. If a school district qualifies for both student growth funding and loss funding, then the school district shall receive the greater of the two (2) amounts.~~

1 ~~(c) The State Board of Education shall promulgate rules and~~
2 ~~regulations for the disbursement of available funds for local school~~
3 ~~districts' lost revenues.~~

4
5 ~~6-20-327. Calculation and disbursement of funds authorized.~~

6 ~~(a) The Department of Education shall calculate the amount of funds~~
7 ~~authorized by this subchapter on three (3) occasions during the year. The~~
8 ~~first of these shall be done at the beginning of the year. A second~~
9 ~~calculation shall occur at some point during the year, making corrections for~~
10 ~~clerical errors and student growth. The third of these calculations shall be~~
11 ~~done at the end of the year and shall settle all funding amounts due to~~
12 ~~school districts under this subchapter.~~

13 ~~(b) On or before July 1 of every year, the department shall set a~~
14 ~~schedule of payments of funds authorized under this subchapter to school~~
15 ~~districts.~~

16 ~~(c) If statistical data required in this subchapter are not available~~
17 ~~at the time they are required for calculations or if the school program is~~
18 ~~disrupted for any cause not controlled by the local board of education, the~~
19 ~~State Board of Education shall cause procedures to be developed which will~~
20 ~~ensure that the provisions of this subchapter are properly enforced.~~

21
22 SECTION 6. Arkansas Code, Title 6, Chapter 17, Subchapter 10, minimum
23 salaries for teachers, is repealed.

24 ~~6-17-1001. Minimum base salary—Master's degree.~~

25 ~~(a)(1) The board of directors in each school district in the state~~
26 ~~shall pay its teachers upon a salary schedule which has annual increments for~~
27 ~~education and experience and which provides for a base salary, a minimum~~
28 ~~salary for a teacher with a master's degree, and at least fifteen (15) years~~
29 ~~of experience as described in this section.~~

30 ~~(2) Beginning with the 2003-2004 school year, the teacher's experience~~
31 ~~for purposes of salary and benefits shall be his or her total years in any~~
32 ~~school district in the state and shall not be based on only the years in the~~
33 ~~district in which he or she is currently employed.~~

34 ~~(b) In school year 2000-2001 and in each school year thereafter, no~~
35 ~~school district shall pay its teachers with a bachelor's degree and no~~
36 ~~experience less than twenty one thousand eight hundred sixty dollars~~

1 ~~(\$21,860).~~

2 ~~(c) In school year 2000-2001 and in each school year thereafter,~~
 3 ~~school districts shall pay teachers with a master's degree and no experience~~
 4 ~~at least one hundred fifteen percent (115%) of the minimum base salary~~
 5 ~~prescribed in subsection (b) of this section.~~

6 ~~(d) In school year 2001-2002 and in each school year thereafter,~~
 7 ~~school districts shall pay a teacher with a master's degree and at least~~
 8 ~~fifteen (15) years of experience one hundred fifty percent (150%) of the~~
 9 ~~state minimum base salary.~~

10 ~~(e)(1) In school year 1995-1996 and in each school year thereafter,~~
 11 ~~each school district in the state shall have in place a salary schedule which~~
 12 ~~provides at least fourteen (14) annual increments for experience.~~

13 ~~(2) In school year 2001-2002 and in each school year thereafter,~~
 14 ~~each school district in the state shall have in place a salary schedule which~~
 15 ~~provides at least fifteen (15) annual increments for experience.~~

16 ~~(3) In school year 2001-2002 and in each school year thereafter,~~
 17 ~~each school district in the state shall have in place a salary schedule with~~
 18 ~~at least the following minimum levels of compensation:~~

19

20 Years Experience	BA Degree Salary	MA Degree
21 Salary		
22 0	\$21,860	\$25,139
23 1	22,304	25,649
24 2	22,748	26,159
25 3	23,192	26,669
26 4	23,636	27,179
27 5	24,080	27,689
28 6	24,524	28,199
29 7	24,968	28,709
30 8	25,412	29,219
31 9	25,856	29,729
32 10	26,300	30,239
33 11	26,744	30,749
34 12	27,188	31,259
35 13	27,632	31,769
36 14	28,076	32,279

1 ~~_____ 15 or more _____ 28,520 _____ 32,789~~

2 ~~(f) For the 1997-98 school year and for each year thereafter, each~~
3 ~~school district shall provide no less than four hundred dollar increments for~~
4 ~~experience for teachers with one (1) and two (2) years of experience.~~

5 ~~(g) For the 1998-1999 school year and for each year thereafter, each~~
6 ~~school district shall provide no less than four hundred dollar increments for~~
7 ~~experience for teachers with three (3) and four (4) years of experience.~~

8 ~~(h) For the 1999-2000 school year and for each year thereafter, each~~
9 ~~school district shall provide no less than four hundred dollar increments for~~
10 ~~experience for teachers with five (5) and six (6) years of experience.~~

11 ~~(i) For the 2000-2001 school year and for each year thereafter, each~~
12 ~~school district shall provide no less than four hundred dollar increments for~~
13 ~~experience for teachers with seven (7) and eight (8) years of experience.~~

14 ~~(j) For the 2001-2002 school year and for each year thereafter, each~~
15 ~~school district shall provide no less than four hundred dollar increments for~~
16 ~~experience for teachers with nine (9) and ten (10) years of experience.~~

17 ~~(k) For the 2002-2003 school year and for each year thereafter, each~~
18 ~~school district shall provide no less than four hundred dollar increments for~~
19 ~~experience for teachers with eleven (11) and twelve (12) years of experience.~~

20 ~~(l)(1) For the 2003-2004 school year and for each year thereafter,~~
21 ~~each school district shall provide no less than four hundred dollar~~
22 ~~increments for experience for teachers with thirteen (13) years of~~
23 ~~experience.~~

24 ~~(2) For the 2004-2005 school year and for each year thereafter,~~
25 ~~each school district shall provide no less than four hundred dollar~~
26 ~~increments for experience for teachers with fourteen (14) years of~~
27 ~~experience.~~

28 ~~(3) For the 2005-2006 school year and for each year thereafter,~~
29 ~~each school district shall provide no less than four hundred dollar~~
30 ~~increments for experience for teachers with fifteen (15) years of experience.~~

31 ~~(m) Subsections (f) (l) of this section shall not apply to any local~~
32 ~~school district whose minimum salary for teachers exceeds twenty one thousand~~
33 ~~eight hundred sixty dollars (\$21,860) and whose average salary exceeds the~~
34 ~~state average salary for teachers for the previous year.~~

35 ~~(n) As used in this section, "teacher" shall include any full time~~
36 ~~employee of a local public school district.~~

1 ~~(1) Who is compelled by law to secure a license from the State~~
2 ~~Board of Education as a condition precedent to employment in a position in or~~
3 ~~related to grades prekindergarten through twelve (preK-12) of the public~~
4 ~~schools of this state; and~~

5 ~~(2) Who is:~~

6 ~~(A) Engaged directly in instruction with students in a~~
7 ~~classroom setting for more than seventy percent (70%) of the individual's~~
8 ~~contracted time;~~

9 ~~(B) A guidance counselor; or~~

10 ~~(C) A librarian.~~

11 ~~(o) All minimum salaries set forth in this section shall be for a~~
12 ~~contract number of days that is not more than the number of days in the~~
13 ~~school year required by the State Board of Education's regulations for~~
14 ~~accreditation for the school year in which the contract is effective.~~

15 ~~(p)(1) A district that determines that it cannot meet the minimum~~
16 ~~salary requirements of this section from funds available may petition the~~
17 ~~Department of Education for a waiver of the requirements of this section for~~
18 ~~up to three (3) school years based on regulations promulgated by the State~~
19 ~~Board of Education.~~

20 ~~(2) The department shall not grant a waiver to any district that~~
21 ~~is not in compliance with the uniform rate of tax requirements under Arkansas~~
22 ~~Constitution, Amendment 74.~~

23
24 ~~6-17-1002. Salary amount—Annual review.~~

25 ~~(a) The salaries fixed herein shall be regarded as minimum salaries~~
26 ~~only, and each district may supplement such salaries. No teacher shall~~
27 ~~receive a reduced salary as a result of this subchapter's requirements.~~

28 ~~(b) Base salary shall not be raised until all teachers within a~~
29 ~~district are paid equal to or greater than the minimum requirements~~
30 ~~established herein. Each school district shall develop its own salary~~
31 ~~schedule with salaries equal to or greater than the required minimums set~~
32 ~~forth herein.~~

33 ~~(c) The Arkansas Teachers' Salaries Study Commission shall annually~~
34 ~~review the minimum base salary and make recommendations to the Department of~~
35 ~~Education, the Governor, and the General Assembly for such modifications as~~
36 ~~the commission shall deem appropriate.~~

1
2 ~~6-17-1003. Enforcement—Appeal—Rules and regulations.~~

3 ~~(a) The State Board of Education is empowered to enforce the~~
4 ~~provisions of this subchapter and is specifically authorized to order the~~
5 ~~dissolution and merger of any school district which fails to comply with the~~
6 ~~minimum salary requirements established by this subchapter. Any appeal from a~~
7 ~~decision of the board ordering the dissolution and merger of a school~~
8 ~~district for failure to comply with the provisions of this subchapter shall~~
9 ~~be filed in the Circuit Court of Pulaski County and must be filed within~~
10 ~~thirty (30) days of the decision of the board.~~

11 ~~(b) The board shall issue rules and regulations to implement this~~
12 ~~subchapter.~~

13
14 ~~6-17-1004. Salary goals.~~

15 ~~(a) The personnel policies committees and negotiating teams~~
16 ~~established and maintained in Arkansas public schools are encouraged to set~~
17 ~~and meet five-year goals to substantially increase teacher salaries. In~~
18 ~~setting realistic yet meaningful salary goals, the committees and teams shall~~
19 ~~consider exceeding the state, regional Southern Regional Education Board~~
20 ~~states, border states, or national average salaries for teachers.~~

21 ~~(b) Within two (2), four (4), and five (5) years following the~~
22 ~~adoption of this section, school districts shall report to the Arkansas~~
23 ~~Teachers' Salaries Study Commission and the Department of Education the goals~~
24 ~~developed, adopted, and met.~~

25
26 *SECTION 7. Arkansas Code Title 6, Chapter 17, Subchapter 21 is*
27 *repealed.*

28 ~~6-17-2101. Title.~~

29 ~~This subchapter, § 6-5-307(a), and § 6-20-412 shall be known as "The~~
30 ~~Educator Compensation Act of 2001".~~

31
32 ~~6-17-2102. Legislative findings and intent.~~

33 ~~(a) The General Assembly determines that:~~

34 ~~(1) Salaries of Arkansas educators have traditionally lagged~~
35 ~~behind the salaries of educators in the nation and in the states that~~
36 ~~surround Arkansas;~~

1 ~~(2) Even though educators have achieved annual increases of~~
2 ~~approximately three and two tenths percent (3.2%) in recent years, Arkansas~~
3 ~~is still far behind its neighboring states;~~

4 ~~(3)(A) Nationally and within Arkansas, there has developed a~~
5 ~~shortage of qualified educators in certain fields of teaching.~~

6 ~~(B) One of the reasons for this shortage is that Arkansas~~
7 ~~educators lag behind other professionals in salary amount;~~

8 ~~(4) The most important part of a student's educational~~
9 ~~experience is the people who actually educate them; and~~

10 ~~(5) It is necessary to attract qualified educators to the public~~
11 ~~education system in order to increase the achievement of all Arkansas public~~
12 ~~school students.~~

13 ~~(b) It is the intent of the General Assembly that:~~

14 ~~(1) This subchapter shall not supplant, but shall supplement,~~
15 ~~traditional pay increases that have occurred at the local level in recent~~
16 ~~years;~~

17 ~~(2) School districts should not stop or alter any intentions to~~
18 ~~give educators a salary increase in the current school year because of the~~
19 ~~enactment of this subchapter; and~~

20 ~~(3) This subchapter is the first of many steps that must be and~~
21 ~~shall be taken by the General Assembly to increase the quality of the working~~
22 ~~force in education over the upcoming years.~~

23
24 ~~6-17-2103. Definitions.~~

25 ~~As used in this subchapter, unless the context otherwise requires:~~

26 ~~(1) "Required salary increase" means:~~

27 ~~(A) For fiscal year 2002, an amount no less than one~~
28 ~~thousand dollars (\$1,000), excluding benefits and employer contributions to~~
29 ~~teacher retirement and social security, over a targeted educator's salary for~~
30 ~~fiscal year 2001; and~~

31 ~~(B) For fiscal year 2003 an amount no less than three~~
32 ~~thousand dollars (\$3,000), excluding benefits and employer contributions to~~
33 ~~teacher retirement and social security, over a targeted educator's salary for~~
34 ~~fiscal year 2001;~~

35 ~~(2) "Targeted educator" means an individual employed by a school~~
36 ~~district, and;~~

1 ~~(A) Who must hold a certificate issued by the State Board~~
2 ~~of Education in order to be employed in the individual's present position;~~
3 ~~and~~

4 ~~(B) Whose primary job responsibilities are for the~~
5 ~~education of public school students in grades prekindergarten through twelve~~
6 ~~(PK-12) and do not include districtwide administrative duties.~~

7
8 ~~6-17-2104. Method for implementation.~~

9 ~~(a) On or before June 30 of each fiscal year, each local school~~
10 ~~district shall have implemented the required salary increase or have received~~
11 ~~a waiver from the Department of Education under § 6-17-2105.~~

12 ~~(b) A school district shall implement the required salary increase in~~
13 ~~a variety of methods, including:~~

14 ~~(1) Increasing the base salaries of the targeted educators by~~
15 ~~the required salary increase;~~

16 ~~(2) Paying a supplement to the salaries of the targeted~~
17 ~~educators at each step and each lane of the salary schedule equal to the~~
18 ~~required salary increase and making the supplement an addendum to the~~
19 ~~targeted educator's contract. The supplement, added to the targeted~~
20 ~~educator's regular salary, shall equal the targeted educator's total salary~~
21 ~~which shall be a continuing obligation; or~~

22 ~~(3) A combination of subdivisions (b)(1) and (b)(2) of this~~
23 ~~section.~~

24 ~~(c) Any school district utilizing the method stated in subsection~~
25 ~~(b)(2) of this section shall clearly mark those supplements under the title~~
26 ~~"Targeted Educator Compensation Act Supplement" in order to make the method~~
27 ~~easily identifiable. The "Targeted Educator Compensation Act Supplement"~~
28 ~~shall be incorporated into the salary schedule in the same way as other~~
29 ~~salary supplements under §§ 6-17-201—6-17-208.~~

30 ~~(d) Notwithstanding the method used under subsection (b) of this~~
31 ~~section, the required salary increase shall be a continuing salary obligation~~
32 ~~of the school districts.~~

33 ~~(e) Targeted educators who work on a part-time basis or individuals~~
34 ~~who qualify as targeted educators on a part-time basis shall receive a pro~~
35 ~~rata share of the required salary increase equal to the proportion of time~~
36 ~~that they are employed.~~

1 ~~(f)(1) Nothing in this section shall be construed to prohibit a school~~
2 ~~district from implementing the required salary increase for fiscal year 2003~~
3 ~~by exceeding the required salary increase for fiscal year 2002 and paying the~~
4 ~~difference between the required salary increase for fiscal year 2003 and the~~
5 ~~actual amount applied to the required salary increase for fiscal year 2002.~~

6 ~~(2) The legislative intent of this subchapter is that all~~
7 ~~targeted educators will receive a required salary increase of three thousand~~
8 ~~dollars (\$3,000) by fiscal year 2003.~~

9 ~~(g)(1) Nothing in this subchapter shall be construed to allow the step~~
10 ~~increases for education and experience, required under § 6-17-1001, as~~
11 ~~currently established in the individual school district, to be applied to the~~
12 ~~required salary increase as meeting the requirements under the provisions of~~
13 ~~this subchapter.~~

14 ~~(2) Nothing in this subchapter shall be construed as to allow~~
15 ~~any other method than increases in the base salary to fulfill the existing~~
16 ~~requirements of § 6-17-1001 pertaining to the minimum salaries of teachers.~~

17 ~~(3) Nothing in this subchapter shall be construed to prohibit a~~
18 ~~school district from raising its salaries in excess of the required salary~~
19 ~~increase.~~

20 ~~(h) Nothing in this subchapter shall be interpreted to preclude school~~
21 ~~district employees other than targeted educators from receiving a similar~~
22 ~~increase in salary.~~

23 ~~(i) School districts are prohibited from instituting quid pro quo~~
24 ~~situations in which school districts extend the length of or add additional~~
25 ~~duties to the targeted educator's contract in return for the required salary~~
26 ~~increase.~~

27 ~~(j) The required salary increase for targeted educators who are~~
28 ~~prekindergarten teachers shall only be required to be implemented if the~~
29 ~~local school district has sufficient funds available to completely implement~~
30 ~~the required salary increase for the given fiscal year.~~

31
32 ~~6-17-2105. Exemptions.~~

33 ~~(a) Any local school district engaged in agreed to collective~~
34 ~~bargaining with its certified staff shall be exempt from the provisions of~~
35 ~~this subchapter to the extent that school districts in collective bargaining~~
36 ~~shall negotiate on salaries and other terms and conditions of employment.~~

1 ~~This section in no way is to be interpreted as altering or replacing any~~
2 ~~collective bargaining agreement in place at the time of the enactment of this~~
3 ~~subchapter.~~

4 ~~(b)(1) Any local school district may petition the Department of~~
5 ~~Education for a waiver from the provisions of this subchapter.~~

6 ~~(2) The waiver shall not be for a time greater than three (3)~~
7 ~~years.~~

8 ~~(3) The process for the waiver shall be the same as the process~~
9 ~~for a local school district to receive a waiver under § 6-17-1001.~~

10 ~~(4) Any local school district that petitions for and is granted~~
11 ~~a waiver from this subchapter shall be placed in Phase I of fiscal distress~~
12 ~~as defined under §§ 6-20-1601—6-20-1610.~~

13
14 ~~6-17-2106. Regulatory authority and enforcement.~~

15 ~~(a) The State Board of Education shall have the authority, acting~~
16 ~~pursuant to its rule-making power, to promulgate appropriate rules and~~
17 ~~regulations for the implementation of the provisions of this subchapter.~~

18 ~~(b) The provisions of this subchapter shall be audited on an annual~~
19 ~~basis.~~

20 ~~(c) Any school district that has been found to not be in compliance~~
21 ~~with the provisions of this subchapter shall be placed on Phase I fiscal~~
22 ~~distress under the provisions of § 6-20-1601 et seq.~~

23
24 SECTION 8. Arkansas Code § 6-12-412 is amended to read as follows:

25 6-20-412. Nonrecurring salary payments.

26 (a) Any school district in the state may pay certified personnel a
27 nonrecurring salary payment from revenues not considered to be recurring
28 sources of revenue.

29 (b) A nonrecurring salary payment under this section shall not be
30 construed to increase the base salary of the teacher recipient for purposes
31 of calculation of future salary requirements.

32 (c) Any nonrecurring salary payment under the provisions of this
33 section shall be divided equally among certified personnel employed by the
34 district at the time of payment unless the board of directors of the district
35 and a majority of the teachers agree to a different distribution.

36 (d) A report indicating the source of the moneys and the name and

1 amount paid to each recipient shall be furnished to the Department of
2 Education and the Division of Legislative Audit by the ex officio financial
3 secretary of the school district.

4 ~~(e) Payments to targeted educators made in the form of supplements as~~
5 ~~addendums to contracts in fulfilling the provisions of this section, § 6-5-~~
6 ~~307(a), and § 6-17-2101 et seq. shall not be considered a nonrecurring salary~~
7 ~~payment under this section.~~

8
9 SECTION 9. Effective Date.

10 This act shall become effective on July 1, 2004.

11
12 /s/ Cleveland
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36