

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

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.

Subtitle

16 AN ACT PROVIDING EDUCATION REFORM; TO
17 PROVIDE FOR EDUCATION FUNDING; TO
18 ESTABLISH EDUCATIONAL ADEQUACY
19 ACCOUNTING; AND TO ESTABLISH MINIMUM
20 TEACHER COMPENSATION.

21
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) "Gifted and talented programs" means academic curriculum,
2 courses, and options designed to improve educational opportunities for gifted
3 and talented students pursuant to guidelines adopted by the State Board of
4 Education in accordance with § 6-42-106;

5 (8) "Gifted and talented students" means those students who have
6 been identified as meeting the criteria of the gifted program approval
7 standards established by the State Board of Education;

8 (9) "Guidance counselor" means an individual certified by the
9 State Board of Education to provide counseling services to public school
10 students;

11 (10) "Instructional facilitators" means the certified personnel
12 who coordinate the instructional programs, provide ongoing coaching and
13 mentoring of teachers to change and improve their instructional practices,
14 and serve as technology coordinators for the school;

15 (11) "Instructional materials" means those materials necessary
16 to teach a class, including, but not limited to, textbooks, trade books,
17 workbooks, activity-oriented programs that may include manipulatives, hand-
18 held calculators, or other hands-on materials, laboratory equipment, and
19 equipment necessary for vocational-technical education;

20 (12) "Librarians or media specialists" means individuals
21 certified by the State Board of Education as having the knowledge and skills
22 for operating a library or media center in a public school;

23 (13) "Miscellaneous revenues" means the lesser of either the
24 previous year or the average of the five (5) previous years of those funds
25 received by a school district from federal forest reserves, federal grazing
26 rights, federal mineral rights, federal impact aid, federal flood control,
27 wildlife refuge funds, severance taxes, funds received by the school district
28 in lieu of taxes, and local sales and use taxes dedicated to education under
29 §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et
30 seq.;

31 (14)(A) "Noninstructional and support components" means the
32 total statewide expenditures in the prior school year to support activities
33 not directly related to classroom learning divided by the previous year's
34 statewide average daily membership.

35 (B) "Noninstructional and support components" include, but
36 are not limited to, expenditures for general administration, business

1 support, operation and maintenance services, school plant services, student
2 transportation services, extracurricular activities, capital expenditures,
3 and central support services.

4 (C) "Noninstructional and support components" does not
5 include debt service payments;

6 (15) "Previous year" means the school year immediately preceding
7 the school year in which funds are allocated;

8 (16) "Principal" means a certified individual employed by a
9 school district who has administrative responsibility and instructional
10 leadership for the planning, management, operation, and evaluation of a
11 public school;

12 (17) "Professional development" means a coordinated set of
13 planned learning activities for teachers and administrators that are
14 standards-based and contiguous. It shall result in individual, school-wide,
15 and system-wide improvement designed to ensure that all students demonstrate
16 proficiency in the state academic standards;

17 (18) "Pupil support staff" means those individuals employed to
18 provide health, safety, and social services to the students in a school;

19 (19) "School district" means a geographic area with an elected
20 board of directors which qualifies as a taxing unit for purposes of ad
21 valorem property taxes under Title 26 of the Arkansas Code and which conducts
22 the daily affairs of public schools under the supervisory authority vested in
23 them by the General Assembly;

24 (20) "School type" means the classification given to each type
25 of school, whether it be elementary, middle, or high school;

26 (21) "Specialist teachers" means those certified personnel who
27 spend seventy percent (70%) of their time interacting with students in a
28 classroom setting teaching the subjects of physical education, art, and
29 music;

30 (22) "Struggling students" means those students from low socio-
31 economic background as indicated by eligibility for the free or reduced-price
32 lunch program under the National School Lunch Act or any other act of
33 Congress;

34 (23) "Substitute teachers" means those individuals employed in
35 order to temporarily replace classroom or specialist teachers when the
36 classroom or specialist teachers are absent;

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

4 (25) “Teachers for English language learning students” means
5 those certified personnel who are primarily responsible for teaching English
6 to English language learning students;

7 (26) “Teachers for special education students” means those
8 certified personnel who are primarily responsible for teaching students
9 specified as special education under the Individuals with Disabilities Act,
10 20 U.S.C. § 1400 et seq., or who are speech pathologists as defined by the
11 state board;

12 (27) “Teachers for struggling students” means those certified
13 personnel who are primarily responsible for helping struggling students; and

14 (28) “Technology” means any equipment for instructional purposes
15 that is electronic in nature, including, but not limited to, computer
16 hardware, computer software, internet connectivity, and distance learning.

17
18 6-20-2004. Foundational funding amount.

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

22 (1) Personnel Resources:

23 (A) Principal.

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

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

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

34 (B) Instructional Facilitators. For every school, a
35 school district shall be apportioned funding for a number of instructional
36 facilitators equal to the average daily membership of that school divided by

1 five hundred (500) times two and one-half (2.5), so long as each school has a
2 minimum of one (1) instructional facilitator. Each instructional
3 facilitator, or pro-ration thereof rounded down to the nearest one-tenth
4 (0.1) of a full-time equivalency, shall carry a resource price of forty-seven
5 thousand two hundred fifty dollars (\$47,250);

6 (C) Classroom Teachers.

7 (i) For every school, a school district shall be
8 apportioned funding for the following number of classroom teachers, based on
9 the average daily membership of that school:

10 (a) For every twenty (20) students in average
11 daily membership in kindergarten, one (1) teacher rounded down to one-tenth
12 (0.1) of a full-time equivalency;

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

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

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

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

30 (E) Teachers for Special Education. For every school, a
31 school district shall be apportioned funding for a number of teachers for
32 special education equal to the average daily membership of that school
33 divided by five hundred (500) times two and nine-tenths (2.9) rounded down to
34 one-tenth (0.1) of a full-time equivalency, so long as each school has a
35 minimum of one-half (0.5) teachers for special education, which shall carry a
36 resource price of forty-seven thousand two hundred fifty dollars (\$47,250)

1 for each teacher for special education, or pro-ration thereof rounded down to
2 the nearest to one-tenth (0.1) of a full-time equivalency;

3 (F) Guidance Counselors.

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

6 (a) If the school type is middle school, one
7 (1) guidance counselor for every five hundred (500) students in average daily
8 membership rounded down to one-tenth (0.1) of a full-time equivalency; and

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

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

16 (G) Librarians or Media Specialists.

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

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

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

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

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

34 (H) Substitutes. For every classroom or specialist
35 teacher allocated under this section, each school district shall be
36 apportioned funding for ten (10) days for substitutes, which shall carry a

1 resource price of one hundred twenty-one dollars (\$121) per day and;

2 (I) Pupil Support Staff for Struggling Students.

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

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

11 (iii) Struggling student support staff person shall
12 carry a resource price of forty-eight thousand seven hundred fifty dollars
13 (\$48,750), or pro-ration thereof rounded down to the nearest to one-tenth
14 (0.1) of a full-time equivalency; and

15 (2) Per-pupil Resources:

16 (A) Instructional Materials.

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

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

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

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

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

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

36 (D) Gifted and talented program. A school district shall

1 be apportioned an amount equal to eight hundred ten dollars (\$810) times five
2 percent (5%) of the school district's average daily membership. The funds
3 shall be expended in accordance with rules promulgated by the State Board of
4 Education;

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

9 (4) Technology.

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

13 (B) To the extent that a school district receives funds
14 from sources other than funding under this subdivision (a)(4)(A) of this
15 section and the funds are used for expenditures for technology, the school
16 district may use an equal amount of funds received pursuant to this section
17 for expenditures for technology-related expenditures for personnel,
18 instructional material, internet course delivery, and distance learning
19 courses.

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

25 (5) Professional Development. For every school, a school
26 district shall be apportioned funding for professional development in the
27 amount of fifty dollars (\$50.00) for each student of average daily membership
28 in that school.

29 (b)(1) In order to provide flexibility within the school district and
30 the schools in the school district, funds received pursuant to this section,
31 other than funds for technology, may be expended for any category in this
32 section or § 6-20-2005.

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

35
36 6-20-2005. Needs-based funding amount.

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

4 (1) Needs-Based Personnel Resources:

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

14 (B) Teachers for English Language Learning Students. For
15 every school, a school district shall be apportioned funding for four-tenths
16 (0.4) teacher for English language learning students for every one hundred
17 (100) English language learning students rounded down to one-tenth (0.1) of a
18 full-time equivalency, which shall carry a resource price of forty-six
19 thousand two hundred fifty dollars (\$46,250) for each teacher for English
20 language learning students, or pro-ration thereof rounded down to the nearest
21 to one-tenth (0.1) of a full-time equivalency;

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

30 (D) Pupil Support Staff for Struggling Students.

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

35 (ii) Each eligible school will be guaranteed funding
36 for at least one (1) pupil support staff for struggling students,

1 notwithstanding the calculations under subdivision (a)(1)(D)(i) of this
2 section.

3 (iii) Struggling student support staff person shall
4 carry a resource price of forty-six thousand two hundred fifty dollars
5 (\$46,250), or pro-ratio thereof rounded down to the nearest to one-tenth
6 (0.1) of a full-time equivalency; and

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

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

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

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

20
21 6-20-2006. Catastrophic special education and funding for isolated
22 school districts.

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

27
28 6-20-2007. Distribution adjustment for uniform rate of tax.

29 State funds to school districts under §§ 6-20-2004 and 6-20-2005 will
30 be an amount equal to the difference between:

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

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

1
2 6-20-2008. Adjustment of funding for schools with increases in
3 students.

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

7 (b) A school district's enrollment increases if the school district's
8 second quarter average of the average daily membership of the current school
9 year exceeds the school district's average daily membership for the previous
10 school year.

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

13
14 6-20-2009. Calculation of payments and schedule of payments.

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

18 (1) The first of these shall be done at the beginning of the
19 year.

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

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

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

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

33
34 6-20-2010. Efficiency requirement.

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

36 (2) Efficiency is achieved when the school district uses

1 foundational funding in § 6-20-2004 to meet the cost of complying with:

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

4 (B) The minimum teacher salaries requirements of § 6-17-
5 2401, et seq.

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

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

13 (A) The identity of and salary for each teacher that is
14 assigned to the curriculum and courses required by the Arkansas Standards for
15 Accreditation of Arkansas Public School promulgated by the Arkansas
16 Department of Education;

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

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

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

29
30 6-20-2011. Miscellaneous provisions.

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

34 (b) The State Board of Education shall have the authority, acting
35 pursuant to its rule-making powers, to adopt regulations for the
36 implementation of the provisions of this subchapter in compliance with the

1 legislative findings and intent found in § 6-20-2002.

2 (c) If the Department of Education determines that an overpayment has
3 been made to a school district in any funding category authorized by this
4 subchapter, the department is authorized to withhold the overpayment from
5 future funding of the school district and is authorized to transfer the
6 amount withheld for the overpayment to the line item appropriation from which
7 the overpayment was initially made.

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

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

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

16 (2) The school district shall maintain such records and make
17 such reports relative to attendance, receipts, and disbursements and other
18 reports as required by the department for the administration of this
19 subchapter;

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

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

29 (5)(A) All pupil attendance records shall be kept in their
30 original form and shall be public records.

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

34 (C) Original pupil attendance records shall be kept on
35 file in the office of the superintendent of schools after the school term is
36 ended for a period of three (3) years and these records shall be available

1 for monitoring purposes during any day of the school term by the teachers or
2 other persons designated to keep attendance.

3 (f) School districts may not include the cost of substitute teachers,
4 extended contracts for extracurricular activities, or supplementary pay for
5 extracurricular activities in meeting the expenditures requirement for
6 student classroom teacher salaries.

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

11
12 6-20-2012. Gifted and talented student expenditures.

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

16
17 SECTION 2. Arkansas Code Title 6, Chapter 20, is amended to add the
18 following subchapter:

19 6-20-2201. Title.

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

22
23 6-20-2202. School district budget and expenditure report.

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

28 (2) Each budget shall be approved by the school district board
29 of directors at a legally held meeting and shall be signed by the president
30 of the board and the ex officio financial secretary of the school district.
31 The budget shall contain the information and be prepared in an electronic
32 format prescribed by rules of the State Board of Education governing
33 financial accounting for Arkansas school districts.

34 (b)(1)(A) Warrants or checks of the school district issued after the
35 date required by subsection (a) of this section shall be invalid unless a
36 budget has been filed as required by this subchapter and in compliance with

1 appropriate rules.

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

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

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

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

17 (d)(1) The ex officio financial secretary of each school district
18 shall keep a record of the daily expenditures and receipts of the school
19 district in the manner and on the forms as may be specified by rules of the
20 state board and the School Audit Section of the Division of Legislative
21 Audit. An annual record shall be filed by August 15 of each year with the
22 department.

23 (2) If the auditors of the financial accountability office of
24 the department or the School Audit Section of the Division of Legislative
25 Audit determine that the financial records of any school district are not
26 properly maintained or that the financial affairs of the school district are
27 not administered in accordance with state law or state board rules, grants
28 and aids from the state to which the school district may be entitled shall be
29 withheld until it is determined that the fiscal records of the school
30 district are in order or that the financial affairs are being properly
31 administered as established by statute or by rule promulgated by the board,
32 provided that the department has met all deadlines for providing information
33 to school districts.

34 (e)(1) The department may withhold state aid from any school district
35 that fails to file its budget or any other required report with the
36 department by the deadline established by statute or by rule promulgated by

1 the state board, provided that the department has met all deadlines for
2 providing pertinent information to school districts.

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

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

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

13
14 6-20-2203 Uniform budget and accounting system required.

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

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

27 (c) In addition the State Board of Education shall adopt by rule
28 "Arkansas Revisions" to the Federal Handbook IIR2. The rules shall be
29 developed by the Department of Education in cooperation with representatives
30 from the Arkansas Association of School Administrators, the Arkansas
31 Association of School Business Officials, and the Legislative Joint Auditing
32 Committee. Arkansas Revisions shall include but not be limited to:

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

35 (2) Categories and descriptions of expenditures that each school
36 or school district shall report on its annual school performance report

1 authorized by the School Performance Report Act, § 6-5-1401 et seq. The
2 reported expenditures shall include, but not be limited to, the following
3 categories:

4 (A) Total Expenditures;

5 (B) Instructional Expenditures;

6 (C) Administrative Expenditures;

7 (D) Extracurricular Expenditures;

8 (E) Capital Expenditures; and

9 (F) Debt Service Expenditures; and

10 (3) Categories and descriptions of school and school district
11 expenditures that allow for the gathering of data on separate functions and
12 programs as described in the Education Funding Reform Act of 2003, § 6-20-
13 2001 et seq.

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

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

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

26
27 6-20-2204. Required training.

28 (a)(1) Any person whose job responsibility includes preparing the
29 budget or recording expenditures of a school or school district shall obtain
30 training and instruction necessary to demonstrate basic proficiency, as
31 determined by the Department of Education, in, including, but not limited to:

32 (A) School laws of Arkansas;

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

35 (C) Ethics; and

36 (D) Financial accounting and reporting of local education

1 agency expenditures.

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

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

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

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

20 (B) The superintendent shall notify the person by
21 certified mail, return receipt requested, and the person shall be unable to
22 continue in his or her position from the date of receipt of notification by
23 the superintendent.

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

28 (6) If the person is unable to obtain the required training
29 because of military service or illness as verified by a written sworn
30 statement of the person's attending physician, the department shall grant an
31 extension permitting the person additional time to obtain the required
32 training. The issuance of an extension shall not constitute a citation
33 against the school district as measured by the Standards for Accreditation of
34 Arkansas Public Schools issued by the department and shall not operate to
35 remove the person from his or her job.

36 (b)(1) A school district board of directors is authorized to pay per

1 diem and reimburse the expenses of a person required to obtain training under
2 this section.

3 (2) The expenses must be incurred in attending in-service
4 workshops, conferences, and other courses of training and instruction
5 necessary for completing the hours of instruction required under this
6 section.

7 (3) Payments may be made from funds belonging to the school
8 district.

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

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

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

17
18 6-20-2205. Penalties.

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

21
22 6-20-2206. Rule-making authority.

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

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

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

34 (c) Any school district that fails to comply with state law or rules
35 governing and providing a uniform chart of accounts for budgeting of revenues
36 and expenditures and financial reporting shall be deemed to be in fiscal

1 distress and subject to the applicable enforcement provisions as provided by
2 law.

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

7
8 SECTION 3. Arkansas Code Title 6, Chapter 17, is amended to add the
9 following subchapter:

10 6-17-2401. Title.

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

13
14 6-17-2402. Legislative intent.

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

17 (1) Drives improvements in student academic achievement;

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

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

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

25 (5) Encourages and rewards teachers individually for increasing
26 their knowledge, skills, and competencies, and rewards teachers collectively
27 for improving student performance;

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

30 (7) Promotes professional collegial cooperation;

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

33 (9) Will be affordable, somewhat predictable, and in keeping
34 with the state’s educational and fiscal objectives.

35
36 6-17-2403. Definitions.

1 As used in this subchapter:

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

6 (2) "School-based performance awards" means the compensation
7 system defined in § 6-17-2406; and

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

13
14 6-17-2404. Minimum teacher compensation.

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

17 (1) Annual increments for education and experience;

18 (2) A base salary; and

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

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

23 (1) A base salary of at least twenty-six thousand dollars
24 (\$26,000) for teachers with a bachelor's degree and no experience;

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

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

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

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

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

36 (1) A base salary of at least twenty-seven thousand dollars

1 (\$27,000) for teachers with a bachelor's degree and no experience;

2 (2) A base salary of at least *thirty-one thousand fifty dollars*
3 *(\$31,050)* for teachers with a master's degree and no experience; and

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

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

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

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

13 (1) A base salary of at least twenty-eight thousand dollars
14 (\$28,000) for teachers with a bachelor's degree and no experience;

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

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

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

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

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

27
28 6-17-2405. Additional pay for certain teacher qualities.

29 (a)(1) For the school year 2004-2005 and every school year thereafter,
30 school districts shall pay a teacher an additional four and six tenths
31 percent (4.6%) of the teacher's salary if the teacher teaches in an academic
32 field in which there is a shortage of teachers.

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

35 (b)(1) For the school year 2004-2005, and every school year
36 thereafter, school districts shall pay a teacher an additional five percent

1 (5%) of the teacher's salary if the teacher teaches in a geographic area in
2 which there is difficulty in recruiting and retaining teachers.

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

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

9
10 6-17-2406. School-based performance awards.

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

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

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

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

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

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

29 (5) A school that exceeds the targeted improvement goals will
30 receive an award equal to three thousand dollars (\$3,000) for each certified
31 teacher and administrator in the school, plus one thousand five hundred
32 dollars (\$1,500) for each support staff member in the school.

33
34 6-17-2407. Future adjustments of the compensation system.

35 Each biennium, the House Interim Committee on Education and the Senate
36 Interim Committee on Education shall analyze the compensation levels provided

1 in this subchapter, review relevant data, and make recommendations to the
 2 General Assembly for any adjustments to the compensation levels as needed to
 3 further the objectives provided in § 6-17-2402.

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

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

7 (a)(1) An open-enrollment charter school shall receive funds equal to
 8 ~~the minimum state and local revenue per average daily membership as defined~~
 9 ~~in § 6-20-303~~ the amount that the open-enrollment charter school generates
 10 under the provisions of the Education Funding Reform Act of 2003, § 6-20-
 11 2001, et seq., as if it were a public school in a school district.

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

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

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

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

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

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

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

29
 30 SECTION 5. Arkansas Code § 6-15-2101, as added by Section 9 of Act 35
 31 of 2003, Second Extraordinary Session, is amended to read as follows:

32 *6-15-2101. Best financial management practices for school districts—*
 33 *Standards—Reviews—Designation of school districts.*

34 ~~(a) The purpose of best financial management practices reviews are to~~
 35 ~~improve Arkansas school district management's use of resources and to~~
 36 ~~identify cost savings. The Department of Education and the Division of~~

1 ~~Legislative Audit of the Legislative Joint Auditing Committee of the General~~
2 ~~Assembly are directed to develop a system for reviewing the financial~~
3 ~~management practices of school districts. In this system, the division shall~~
4 ~~assist the department in examining district operations to determine whether~~
5 ~~they meet "best financial management code practices".~~

6 ~~(b) The best financial management practices adopted by the State Board~~
7 ~~of Education may be updated periodically after consultation with the~~
8 ~~Legislative Council, the Governor, the department, school districts, and the~~
9 ~~division. The department shall submit to the state board for review and~~
10 ~~possible adoption proposed revisions to the best financial management~~
11 ~~practices adopted by the state board and reviewed by the Legislative Council.~~
12 ~~Revised best financial management practices adopted by the state board shall~~
13 ~~be used in the next scheduled school district reviews conducted according to~~
14 ~~this section. The best financial management practices, at a minimum, shall~~
15 ~~be designed to instill public confidence by addressing the school district's~~
16 ~~use of resources, identifying ways that the district could save funds, and~~
17 ~~improving districts' performance accountability systems, including public~~
18 ~~accountability. To achieve these objectives, best practices shall be~~
19 ~~developed for, but need not be limited to, the following areas:~~

- 20 ~~(1) Management structures;~~
- 21 ~~(2) Performance accountability;~~
- 22 ~~(3) Efficient delivery of educational services, including~~
23 ~~instructional materials;~~
- 24 ~~(4) Administrative and instructional technology;~~
- 25 ~~(5) Personnel systems and benefits management;~~
- 26 ~~(6) Facilities construction;~~
- 27 ~~(7) Facilities maintenance;~~
- 28 ~~(8) Student transportation;~~
- 29 ~~(9) Food service operations;~~
- 30 ~~(10) Cost control systems, including asset management, risk~~
31 ~~management, financial management, purchasing, internal auditing, and~~
32 ~~financial auditing;~~
- 33 ~~(11) Athletics; and~~
- 34 ~~(12) Other extra-curricular activities.~~

35 ~~(c) The department shall conduct the reviews or contract with a~~
36 ~~private firm selected through a formal request for proposal process to~~

1 ~~perform the review. At least one (1) member of the private firm review team~~
2 ~~shall have expertise in school district finance. The scope of the review~~
3 ~~shall focus on the best practices adopted by the state board pursuant to~~
4 ~~subsection (b) of this section.~~

5 ~~(d) The state board shall consult with the department throughout the~~
6 ~~best practices review process to ensure that the technical expertise of the~~
7 ~~department benefits the review process and supports the school districts~~
8 ~~before, during, and after the review.~~

9 ~~(e)(1) Each school district shall be subject to a best financial~~
10 ~~management practices review. The General Assembly also intends that all~~
11 ~~school districts shall be reviewed biennially by on-site visits and shall be~~
12 ~~given one of the following designations:~~

13 ~~(A) "A", schools comprehensively complying with best~~
14 ~~financial practices;~~

15 ~~(B) "B", schools complying with best financial practices~~
16 ~~at significant levels;~~

17 ~~(C) "C", schools adequately complying with best financial~~
18 ~~practices;~~

19 ~~(D) "D", schools less than adequately complying with best~~
20 ~~financial practices; or~~

21 ~~(E) "F", schools failing to comply with best financial~~
22 ~~practices.~~

23 ~~(2) The department shall prepare annual reports of the results~~
24 ~~of the best financial management practices reviews and shall post to its~~
25 ~~website the school and the district financial grades. The report, which~~
26 ~~shall be part of the overall school and district report card requirement~~
27 ~~pursuant to § 6-15-1806, shall include both revenue sources and~~
28 ~~expenditures. The reporting of expenditures shall include breakdowns of~~
29 ~~administrative, instructional, support, and operations expenditures, as well~~
30 ~~as any other financial commitments of the school and district.~~

31 ~~(f) The Legislative Council may adjust the schedule of districts to be~~
32 ~~reviewed when unforeseen circumstances prevent initiation of reviews~~
33 ~~scheduled.~~

34 ~~(g) The department, subject to funding by the General Assembly, may~~
35 ~~contract with a private firm to conduct best financial management practices~~
36 ~~reviews.~~

1 ~~(h) Reviews shall be conducted by the division, the department, or the~~
2 ~~consultant. Funds may be used for the cost of reviews by the division and~~
3 ~~private consultants contracted by the state board. Costs may include~~
4 ~~professional services, travel expenses of the department and of the staff of~~
5 ~~the division, and any other necessary expenses incurred as part of a best~~
6 ~~financial management practices review and as preapproved by the department.~~

7 ~~(i) Districts shall complete a self-assessment instrument provided by~~
8 ~~the department that indicates the school district's evaluation of its~~
9 ~~performance on each best practice. The district shall begin the self-~~
10 ~~assessment no later than sixty (60) days prior to the commencement of the~~
11 ~~review. The completed self-assessment instrument and supporting~~
12 ~~documentation shall be submitted to the department no later than the date of~~
13 ~~commencement of the review as notified by the department. The best practices~~
14 ~~review team will use this self-assessment information during their review of~~
15 ~~the district.~~

16 ~~(j) During the review, the department or the consultant conducting the~~
17 ~~review, if any, shall hold at least one (1) advertised public forum as part~~
18 ~~of the review in order to explain the best financial management practices~~
19 ~~review process and obtain input from students, parents or guardians, the~~
20 ~~business community, and other district residents regarding their concerns~~
21 ~~about the operations and management of the school district.~~

22 ~~(k) District reviews conducted under this section shall be completed~~
23 ~~within six (6) months after commencement. The department shall issue a final~~
24 ~~report to the Legislative Council regarding the district's use of best~~
25 ~~financial management practices and cost savings recommendations within sixty~~
26 ~~(60) days after completing the reviews. Copies of the final report shall be~~
27 ~~provided to the Governor, the state board, the district superintendent, and~~
28 ~~the districts' school board members. The district superintendent shall~~
29 ~~notify the press that the final report has been delivered. The notification~~
30 ~~shall state the department's website address at which an electronic copy of~~
31 ~~the report is available.~~

32 ~~(l)(1) If the district is found not to conform to best financial~~
33 ~~management practices, the report shall contain an action plan, taking public~~
34 ~~input into consideration, detailing how the district could meet the best~~
35 ~~practices within two (2) years. The district school board shall develop and~~
36 ~~approve the implementation schedule within sixty (60) days after receipt of~~

1 ~~the final report. If a district fails to vote on the action plan within~~
2 ~~sixty (60) days, the district superintendent and school board members shall~~
3 ~~be required to appear and present testimony before the state board and the~~
4 ~~Legislative Council.~~

5 ~~(2) Within sixty (60) days after the receipt of the final~~
6 ~~report, the district school board shall notify the state board and the~~
7 ~~department in writing of the implementation schedule for the action plan.~~
8 ~~The department shall contact the school district, assess the situation, and~~
9 ~~offer technical assistance, if needed.~~

10 ~~(m) After a district school board votes to implement the action plan:~~

11 ~~(1) No later than six (6) months after receipt of the final best~~
12 ~~financial practices report, the district school board shall submit an initial~~
13 ~~status report to the Governor, the state board, the division, the department~~
14 ~~and the Legislative Council on progress made toward implementing the action~~
15 ~~plan and whether changes have occurred in other areas of operation that would~~
16 ~~affect compliance with the best practices; and~~

17 ~~(2)(A) A second status report shall be submitted by the school~~
18 ~~district to the Governor, the state board, the division, the department, and~~
19 ~~the Legislative Council no later than six (6) months after submission of the~~
20 ~~initial report, and every six (6) months thereafter, until status reports are~~
21 ~~not required.~~

22 ~~(B) Status reports are not required once the state board~~
23 ~~concludes that the district is using best financial management practices and~~
24 ~~the district is designated a grade category "A" for its financial practices.~~

25 ~~(n) School districts that are determined in their review to be using~~
26 ~~the best practices and are graded a category "A" pursuant to subsection (e)~~
27 ~~of this section, shall receive a "Seal of Best Financial Management". The~~
28 ~~state board designation shall be effective until a district's financial~~
29 ~~accountability grade decreases. The state board shall revoke the designation~~
30 ~~of a district school board at any time if it determines that a district is no~~
31 ~~longer complying with the state's best financial management practices.~~

32 ~~(o) District school boards that receive a best financial management~~
33 ~~practices review shall maintain records that will enable independent~~
34 ~~verification of the implementation of the action plan and any related fiscal~~
35 ~~impacts.~~

36 ~~(p) Unrestricted cost savings resulting from implementation of the~~

~~1 best financial management practices shall be spent at the school and
2 classroom levels for teacher salaries, teacher professional development,
3 improved classroom and school facilities, student supplies, textbooks,
4 classroom technology, and other direct student instruction activities. Cost
5 savings identified for a program that has restrictive expenditure
6 requirements shall be used for the enhancement of the specific program. If
7 the district is in fiscal distress, the cost savings may be used in
8 accordance with the fiscal distress plan.~~

9 (a)(1) In order to improve the use of resources by Arkansas school
10 districts, the Department of Education shall formulate rules concerning the
11 best financial management practices and associated indicators for
12 presentation to the State Board of Education for review and adoption.

13 (2) In formulating the rules required by this section, the
14 department shall consult with various stakeholders, including the state
15 board, educators, educational associations, the House Interim Committee on
16 Education, the Senate Interim Committee on Education, and experts in each
17 area for which practices and indicators are being developed under § 6-15-
18 2102.

19 (3) The department shall hold advertised public forums
20 throughout Arkansas to obtain input from students, parents, the business
21 community, or other interested parties.

22 (4) The department shall periodically report to the House
23 Interim Committee on Education and the Senate Interim Committee on Education
24 on the progress of developing the rules required by this section.

25 (b) Within nine (9) months after the effective date of this section,
26 and prior to submitting proposed rules to the state board for adoption, the
27 department shall present the proposed rules to the House Interim Committee on
28 Education, the Senate Interim Committee on Education, the Legislative
29 Council, and the Legislative Joint Auditing Committee for review and
30 comments.

31 (c) Within one (1) year after the effective date of this section, the
32 state board shall adopt rules concerning best financial management practices
33 and associated indicators for school districts.

34
35 SECTION 6. Arkansas Code Title 6, Chapter 15, Subchapter 21 is amended
36 to new sections to read as follows:

1 6-15-2102. Best financial management practices - Content.

2 (a) The best financial management practices, at a minimum, shall be
3 designed to:

4 (1) Instill public confidence by addressing the school
5 district's use of resources;

6 (2) Identify ways that the school district or educational
7 cooperative could save funds; and

8 (3) Improve school districts' performance accountability
9 systems, including public accountability.

10 (b) Best practices shall be developed for areas which include, but are
11 not limited to:

12 (1) Management structures;

13 (2) Performance accountability;

14 (3) Efficient delivery of educational services, including
15 instructional materials;

16 (4) Administrative and instructional technology;

17 (5) Personnel systems and benefits management;

18 (6) Facilities construction;

19 (7) Facilities maintenance;

20 (8) Student transportation;

21 (9) Food service operations;

22 (10) Cost control systems, including asset management, risk
23 management, financial management, and purchasing;

24 (11) Athletics; and

25 (12) Other extra-curricular activities.

26 (c) After presentation to the House Interim Committee on Education,
27 the Senate Interim Committee on Education, the Legislative Council, and the
28 Legislative Joint Auditing Committee for review and comment, the Department
29 of Education shall present proposed amendments of the best financial
30 management practices to the State Board of Education for review and adoption.

31
32 6-15-2103. Implementation of best financial management practices.

33 (a) The State Board of Education shall adopt an implementation
34 schedule for all school districts to comply with the rules concerning best
35 financial management practices.

36 (b) If not required by the state board to be implemented sooner,

1 school districts shall begin implementing the rules in the 2005-2006 school
2 year.

3 (c) School districts shall implement all rules concerning best
4 financial management practices by the beginning of the 2006-2007 school year.

5
6 6-15-2104. Pilot review program.

7 (a) The Division of Legislative Audit shall develop a pilot plan for
8 reviewing certain school districts' compliance with the rules concerning best
9 financial management practices adopted by the State Board of Education.

10 (b) The pilot plan shall be approved by the Legislative Joint Auditing
11 Committee, following review by the House Interim Committee on Education, the
12 Senate Interim Committee on Education, and the Legislative Council.

13 (c)(1) The pilot plan shall include a self-assessment plan document
14 developed by the division.

15 (2) Within sixty (60) days of receipt of the self-assessment
16 document, a school district subject to review shall complete the self-
17 assessment document and return it to the division.

18 (d) The financial management best practice review reports shall
19 prepared by the division and presented to the Legislative Joint Auditing
20 Committee and forwarded to the Department of Education and the Joint Interim
21 Committee on Education.

22 (e)(1) If the review report prepared by the division indicates that a
23 school district has not substantially complied with all the provisions of the
24 financial management best practices rules adopted by the state board, the
25 school district board of directors shall adopt a compliance action plan
26 within ninety (90) days after the report has been presented to the
27 Legislative Joint Auditing Committee.

28 (2) The department may assist a school district in the
29 development and implementation of an action plan. All action plans shall be
30 forwarded to and reviewed by the department.

31 (3) Within thirty (30) days of receipt of an action plan from a
32 school district, the department shall review the school district's action
33 plan and submit the action plan to the division for presentation to the
34 Legislative Joint Auditing Committee. The division shall submit all action
35 plans to the Joint Interim Committee on Education.

36

1 6-15-2105. Best financial practices review program.

2 (a) In order to improve the use of resources by Arkansas educational
3 cooperatives, the Department of Education shall formulate rules concerning
4 the best financial management practices and associated indicators for
5 presentation to the State Board of Education for review and adoption.

6 (b) Within one (1) year after the effective date of this section, the
7 state board shall adopt rules concerning best financial management practices
8 and associated indicators for educational cooperatives.

9 (c) The rules shall be developed for areas listed in § 6-15-2102(b)
10 and shall identify ways in which educational cooperatives could save funds
11 and improve performance accountability systems.

12 (d) The department shall establish an implementation schedule for
13 educational cooperatives to comply with the rules beginning with the 2005-
14 2006 school year.

15 (e) The Division of Legislative Audit may establish by rule a pilot
16 review program for educational cooperatives similar to the program
17 established in § 6-15-2104.

18
19 SECTION 7. Arkansas Code § 6-42-106, concerning gifted and talented
20 programs, is amended to read as follows:

21 (a)(1) Appropriations made by the General Assembly to the Public
22 School Fund for the purposes of this subchapter shall be disbursed by the
23 Department of Education in accordance with regulations promulgated by the
24 State Board of Education.

25 (2) Such funds may be used to provide financial assistance to
26 school districts operating programs for gifted and talented children and to
27 fund supplemental programs for gifted and talented children operated by the
28 Department of Education directly or through contract with other public or
29 private agencies.

30 (3) All school districts are eligible to make application for
31 payments under this subchapter, and two (2) or more districts may submit an
32 application for a cooperative program.

33 (b)(1) Specific eligibility requirements for gifted and talented
34 programs in each school district shall be determined by the school district
35 board of directors.

36 (2) In order to qualify for such financial assistance as may be

1 available from the state, school district eligibility requirements must be
2 consistent with the guidelines for gifted and talented programs adopted by
3 the State Board of Education with the advice of the Advisory Council for the
4 Education of Gifted and Talented Children.

5 (c) Each school district shall identify no less than five percent (5%)
6 of the district's average daily membership for participation in the
7 district's gifted and talented programs.

8
9 SECTION 8. Arkansas Code, Title 6, Chapter 20, Subchapter 3,
10 concerning the Equitable School Finance System Act of 1995, is repealed.

11 ~~6-20-301. Title.~~

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

14
15 ~~6-20-302. Legislative findings.~~

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

22 ~~(b) The General Assembly finds that the education of the children of~~
23 ~~this state is best secured by maintaining as much local control over the day-~~
24 ~~to-day management of school operations as is consistent with state~~
25 ~~constitutional requirements, and it is the intent of this subchapter to~~
26 ~~maintain and foster such local control consistent with the state's~~
27 ~~constitutional mandate to assure suitability and efficiency in the public~~
28 ~~school system.~~

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

31 ~~(1) Assure the availability of substantially equal and~~
32 ~~constitutionally appropriate revenue for the education of each similarly~~
33 ~~situated child in the public schools, regardless of where that child resides~~
34 ~~within the state;~~

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

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

4 ~~(4) Assure that:~~

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

7 ~~(i) English communications, oral, reading, and~~
8 ~~writing;~~

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

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

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

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

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

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

24 ~~(8) Encourage parental involvement in the public schools and~~
25 ~~public school activities;~~

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

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

30 ~~(11) Avoid unnecessary duplication of administrative and~~
31 ~~operational expenses;~~

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

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

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

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

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

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

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

13
14 ~~6-20-303. Definitions.~~

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

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

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

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

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

36 ~~(A) Students who reside within the boundaries of the~~

1 ~~school district and who are enrolled in a public school operated by the~~
 2 ~~district or a private school for special education students, with their~~
 3 ~~attendance resulting from a written tuition agreement approved by the~~
 4 ~~Department of Education;~~

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

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

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

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

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

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

17 ~~(a) The total available state aid for state~~
 18 ~~equalization funding per student;~~

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

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

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

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

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

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

32 ~~(C) A librarian;~~

33 ~~(7) "Debt service funding supplement" means the state financial~~
 34 ~~aid provided to qualifying local school districts for the purpose of reducing~~
 35 ~~existing debt service burdens and increasing the amount of local revenue~~
 36 ~~available for maintenance and operations expenditures and calculated as~~

1 follows: For each mill of eligible debt service millage required, the local
2 school shall be provided a dollar amount of no less than fifteen dollars
3 (\$15.00) per average daily membership times the state wealth index;

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

7 (9) "~~Debt service millage required~~" means the calculated millage
8 rate equal to the amount of millage pledged to mandatory callable bonds plus
9 the result of the scheduled calendar year bonded debt payment divided by the
10 total assessed value of real, personal, and utility property in the local
11 school district;

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

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

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

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

1 ~~from the calculation;~~

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

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

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

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

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

21 ~~(E) If the statewide amount for isolated funding~~
22 ~~calculated pursuant to this section is less than the amount appropriated for~~
23 ~~isolated funding, the state board may include a funding factor to the~~
24 ~~calculation in subdivision (14)(A) of this section in order to expend up to~~
25 ~~the appropriated amount;~~

26 ~~(15) "Local revenue per student" means in each year ninety-eight~~
27 ~~percent (98%) of the amount of revenue available, whether or not collected,~~
28 ~~in a local school district solely from the levy of the uniform rate of tax~~
29 ~~plus seventy five percent (75%) of the average miscellaneous funds collected~~
30 ~~in the previous five (5) years or the previous year, whichever is less,~~
31 ~~divided by the average daily membership of the local school district for the~~
32 ~~previous year;~~

33 ~~(16) "Local school district" means a geographic area with an~~
34 ~~elected board of directors that qualifies as a taxing unit for purposes of ad~~
35 ~~valorem property taxes under § 26-1-101 et seq. and which board conducts the~~
36 ~~daily affairs of public schools pursuant to the supervisory authority vested~~

1 ~~in it by the General Assembly;~~

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

7 ~~(18) "Mandatory callable bonds" means a bond issue in which all~~
8 ~~net proceeds from debt service millage used to secure the issuance of that~~
9 ~~bond must be applied to payment of the issue and cannot be used for any other~~
10 ~~purpose;~~

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

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

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

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

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

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

33 ~~(25) "Student classroom teacher funding" means the state~~
34 ~~financial aid provided to each local school district calculated as an amount~~
35 ~~equal to the amount allocated for student classroom teacher funding divided~~
36 ~~by the total state average daily membership for the previous year times the~~

1 receiving school district's average daily membership for the previous year;
2 (26) ~~"Student growth funding" means the amount of state~~
3 ~~financial aid provided to each local school district from the funds made~~
4 ~~available for that purpose calculated as the base local revenue per student~~
5 ~~multiplied by the increase, if any, in the local school district's two-~~
6 ~~quarter average of the average daily membership of the current year over the~~
7 ~~local school district's average daily membership for the previous year;~~

8 (27) ~~"Student needs funding" means the amount of state financial~~
9 ~~aid provided to each local school district from available special education~~
10 ~~funding, vocational education funding, at risk funding, isolated funding,~~
11 ~~transportation aid, and any other categories of student needs funding which~~
12 ~~may be subsequently identified pursuant to rules and regulations promulgated~~
13 ~~by the state board;~~

14 (28) ~~"Student unit funding" means the state financial aid~~
15 ~~provided to each local school district, which is calculated as follows: By~~
16 ~~dividing the total funds available for textbook aid, alternative education,~~
17 ~~including gifted and talented education programs, restructuring, and staff~~
18 ~~development by the total state average daily membership for the previous year~~
19 ~~and multiplying by the local school district's average daily membership for~~
20 ~~the previous year;~~

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

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

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

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

29 (iii) ~~The local school district's miscellaneous~~
30 ~~funds; and~~

31 (iv) ~~State equalization funding, student classroom~~
32 ~~teacher funding, student unit funding, vocational funding, general facilities~~
33 ~~funding, and student growth funding available to the local school district;~~
34 ~~and~~

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

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

8 ~~(A) The local school district's maintenance and operation~~
9 ~~millage;~~

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

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

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

14
15 ~~6-20-304. Liberal construction.~~

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

19
20 ~~6-20-305. Miscellaneous.~~

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

24
25 ~~6-20-306. School funding.~~

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

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

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

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

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

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

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

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

5
6 ~~6-20-307. Facilities.~~

7 ~~(a) General facilities funding, isolated funding, and student growth~~
8 ~~shall be provided to local school districts from available funds in a line~~
9 ~~item appropriation within the Public School Fund.~~

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

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

18
19 ~~6-20-308. Department of Education to provide funding—Adjustments for~~
20 ~~overpayments.~~

21 ~~(a)(1) After determining the amount of state equalization funding,~~
22 ~~student classroom teacher funding, student unit funding, vocational funding,~~
23 ~~general facilities funding, and student growth funding available to each~~
24 ~~local school district, the Department of Education shall provide any~~
25 ~~additional base funding necessary to ensure that the total state and local~~
26 ~~revenue per average daily membership of each local school district is no less~~
27 ~~than the minimum state and local revenue per average daily membership.~~

28 ~~(2) For the purposes of additional base funding, any questions as to~~
29 ~~what revenue shall be included will be determined by reference to 34 C.F.R. §~~
30 ~~222.63 (1994).~~

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

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

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

5 ~~(c) If the department shall determine that an overpayment has been~~
6 ~~made to a local school district in any appropriation authorized by this~~
7 ~~subchapter, the department is authorized to withhold the overpayment from~~
8 ~~state equalization funding and is authorized to transfer the amount withheld~~
9 ~~for the overpayment to the line item appropriation from which the overpayment~~
10 ~~was initially made.~~

11
12 ~~6-20-309. Local school districts—Restrictions on use of specific~~
13 ~~funding.~~

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

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

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

21
22 ~~6-20-310. Local school districts—Required expenditures.~~

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

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

29
30 ~~6-20-311. Local school districts.~~

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

36 ~~(b) Nothing in this legislation shall be construed to authorize,~~

1 ~~permit, or require consolidation of any school district.~~

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

3
4 ~~6-20-319. Other requirements for state aid.~~

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

8 ~~(1) Expenditures for any fiscal year shall not exceed the legal~~
9 ~~revenues for that year;~~

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

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

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

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

30
31 ~~6-20-320. Computation of classroom teacher salaries.~~

32 ~~Local school districts may not include the cost of substitute teachers,~~
33 ~~extended contracts for extracurricular activities, or supplementary pay for~~
34 ~~extracurricular activities in meeting the expenditures requirement for~~
35 ~~student classroom teacher salaries.~~

1 ~~6-20-323. Special needs students.~~

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

5 ~~(b) Funding for students with limited English proficiency shall be~~
6 ~~based upon actual students who have been identified based on the use of an~~
7 ~~English proficiency assessment instrument. These funds shall be distributed~~
8 ~~pro rata based upon the number of students identified as limited English~~
9 ~~proficient.~~

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

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

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

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

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

35
36 ~~6-20-324. Incentive revenues to encourage local millage.~~

1 ~~After the calculation and provision of additional base funding, the~~
2 ~~Department of Education shall provide incentive funding to local school~~
3 ~~districts below the district at the ninety fifth percentile in order to~~
4 ~~reward local school districts for levying additional mills available for~~
5 ~~maintenance and operations and in order to remove the potential disincentive~~
6 ~~for a local school district to reduce its additional mills available for~~
7 ~~maintenance and operations in order to receive additional base funding or in~~
8 ~~order to receive an increase in additional base funding.~~

9
10 ~~6-20-325. State equalization funding for natural disaster areas.~~

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

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

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

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

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

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

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

32
33 ~~6-20-326. Districts losing revenues.~~

34 ~~(a) The Department of Education shall provide funding to local school~~
35 ~~districts from available funds to aid local school districts which have~~
36 ~~suffered a significant loss of revenues. The loss of revenues considered~~

1 ~~under this section shall have occurred in a one-year period. Funding under~~
2 ~~this section shall only be for one (1) year and shall be considered~~
3 ~~nonrestricted revenues included in the calculation of total state and local~~
4 ~~funding per average daily membership.~~

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

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

12
13 ~~6-20-327. Calculation and disbursement of funds authorized.~~

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

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

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

29
30 SECTION 9. Arkansas Code, Title 6, Chapter 17, Subchapter 10, minimum
31 salaries for teachers, is repealed.

32 ~~6-17-1001. Minimum base salary—Master's degree.~~

33 ~~(a)(1) The board of directors in each school district in the state~~
34 ~~shall pay its teachers upon a salary schedule which has annual increments for~~
35 ~~education and experience and which provides for a base salary, a minimum~~
36 ~~salary for a teacher with a master's degree, and at least fifteen (15) years~~

1 of experience as described in this section.

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

6 (b) In school year 2000-2001 and in each school year thereafter, no
 7 school district shall pay its teachers with a bachelor's degree and no
 8 experience less than twenty one thousand eight hundred sixty dollars
 9 (\$21,860).

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

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

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

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

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

27

28 Years Experience	BA Degree Salary	MA Degree
29 Salary		
30 0	\$21,860	\$25,139
31 1	22,304	25,649
32 2	22,748	26,159
33 3	23,192	26,669
34 4	23,636	27,179
35 5	24,080	27,689
36 6	24,524	28,199

1	7	24,968	28,709
2	8	25,412	29,219
3	9	25,856	29,729
4	10	26,300	30,239
5	11	26,744	30,749
6	12	27,188	31,259
7	13	27,632	31,769
8	14	28,076	32,279
9	15 or more	28,520	32,789

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

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

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

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

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

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

28 ~~(l)(1) For the 2003-2004 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 thirteen (13) years of~~
 31 ~~experience.~~

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

36 ~~(3) For the 2005-2006 school year and for each year thereafter,~~

1 each school district shall provide no less than four hundred dollar
2 increments for experience for teachers with fifteen (15) years of experience.

3 (m) ~~Subsections (f) (1) of this section shall not apply to any local
4 school district whose minimum salary for teachers exceeds twenty one thousand
5 eight hundred sixty dollars (\$21,860) and whose average salary exceeds the
6 state average salary for teachers for the previous year.~~

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

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

13 (2) ~~Who is:~~

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

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

18 (C) ~~A librarian.~~

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

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

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

31
32 ~~6-17-1002. Salary amount—Annual review.~~

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

36 (b) ~~Base salary shall not be raised until all teachers within a~~

1 ~~district are paid equal to or greater than the minimum requirements~~
2 ~~established herein. Each school district shall develop its own salary~~
3 ~~schedule with salaries equal to or greater than the required minimums set~~
4 ~~forth herein.~~

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

9
10 ~~6-17-1003. Enforcement—Appeal—Rules and regulations.~~

11 ~~(a) The State Board of Education is empowered to enforce the~~
12 ~~provisions of this subchapter and is specifically authorized to order the~~
13 ~~dissolution and merger of any school district which fails to comply with the~~
14 ~~minimum salary requirements established by this subchapter. Any appeal from a~~
15 ~~decision of the board ordering the dissolution and merger of a school~~
16 ~~district for failure to comply with the provisions of this subchapter shall~~
17 ~~be filed in the Circuit Court of Pulaski County and must be filed within~~
18 ~~thirty (30) days of the decision of the board.~~

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

21
22 ~~6-17-1004. Salary goals.~~

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

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

33
34 *SECTION 10. Arkansas Code Title 6, Chapter 17, Subchapter 21 is*
35 *repealed.*

36 ~~6-17-2101. Title.~~

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

3
4 ~~6-17-2102. Legislative findings and intent.~~

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

6 ~~(1) Salaries of Arkansas educators have traditionally lagged~~
7 ~~behind the salaries of educators in the nation and in the states that~~
8 ~~surround Arkansas;~~

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

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

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

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

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

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

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

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

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

31
32 ~~6-17-2103. Definitions.~~

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

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

35 ~~(A) For fiscal year 2002, an amount no less than one~~
36 ~~thousand dollars (\$1,000), excluding benefits and employer contributions to~~

1 ~~teacher retirement and social security, over a targeted educator's salary for~~
2 ~~fiscal year 2001; and~~

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

7 ~~(2) "Targeted educator" means an individual employed by a school~~
8 ~~district, and:~~

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

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

15
16 ~~6-17-2104. Method for implementation.~~

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

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

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

24 ~~(2) Paying a supplement to the salaries of the targeted~~
25 ~~educators at each step and each lane of the salary schedule equal to the~~
26 ~~required salary increase and making the supplement an addendum to the~~
27 ~~targeted educator's contract. The supplement, added to the targeted~~
28 ~~educator's regular salary, shall equal the targeted educator's total salary~~
29 ~~which shall be a continuing obligation; or~~

30 ~~(3) A combination of subdivisions (b)(1) and (b)(2) of this~~
31 ~~section.~~

32 ~~(c) Any school district utilizing the method stated in subsection~~
33 ~~(b)(2) of this section shall clearly mark those supplements under the title~~
34 ~~"Targeted Educator Compensation Act Supplement" in order to make the method~~
35 ~~easily identifiable. The "Targeted Educator Compensation Act Supplement"~~
36 ~~shall be incorporated into the salary schedule in the same way as other~~

1 ~~salary supplements under §§ 6-17-201—6-17-208.~~

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

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

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

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

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

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

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

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

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

35 ~~(j) The required salary increase for targeted educators who are~~
36 ~~prekindergarten teachers shall only be required to be implemented if the~~

1 ~~local school district has sufficient funds available to completely implement~~
2 ~~the required salary increase for the given fiscal year.~~

3
4 ~~6-17-2105. Exemptions.~~

5 ~~(a) Any local school district engaged in agreed to collective~~
6 ~~bargaining with its certified staff shall be exempt from the provisions of~~
7 ~~this subchapter to the extent that school districts in collective bargaining~~
8 ~~shall negotiate on salaries and other terms and conditions of employment.~~
9 ~~This section in no way is to be interpreted as altering or replacing any~~
10 ~~collective bargaining agreement in place at the time of the enactment of this~~
11 ~~subchapter.~~

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

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

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

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

21
22 ~~6-17-2106. Regulatory authority and enforcement.~~

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

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

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

31
32 SECTION 11. Arkansas Code § 6-12-412 is amended to read as follows:

33 6-20-412. Nonrecurring salary payments.

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

