

1 State of Arkansas  
2 84th General Assembly  
3 Second Extraordinary Session, 2003  
4

Call Item 6

# A Bill

SENATE BILL 42

5 By: Senators Bisbee, Broadway  
6  
7

## For An Act To Be Entitled

9 AN ACT TO PROVIDE EQUITABLE FUNDING TO PUBLIC  
10 SCHOOLS; TO PROVIDE A SYSTEM FOR MONITORING  
11 PUBLIC SCHOOL EXPENDITURES; TO INCREASE MINIMUM  
12 TEACHER SALARIES; TO ESTABLISH A KNOWLEDGE AND  
13 SKILLS-BASED PAY SYSTEM FOR TEACHERS; TO PROVIDE  
14 FOR SCHOOL-BASED PERFORMANCE AWARDS; AND FOR  
15 OTHER PURPOSES.  
16

## Subtitle

17 THE PUBLIC SCHOOL FUNDING ACT OF 2003.  
18  
19  
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
22

23 SECTION 1. Arkansas Code Title 6, Chapter 20, is amended to read as  
24 follows:

25 6-20-2001. Title.

26 This subchapter shall be known and may be cited as the "Public School  
27 Funding Act of 2003".  
28

29 6-20-2002. Legislative findings.

30 (a) The General Assembly recognizes that:

31 (1) Intelligence and virtue are the safeguards of liberty and  
32 the bulwark of a free and good government; and

33 (2) The Arkansas Constitution, Article 14, § 1, requires the  
34 state to ever maintain a general, suitable, and efficient system of free  
35 public schools and to adopt all suitable means to secure to the people the  
36 advantages and opportunities of education.



1           (b) The General Assembly finds that because of the decision of the  
2 Arkansas Supreme Court in November 2002 in the case of Lake View v. Huckabee,  
3 et al., it is the absolute duty of the State of Arkansas to provide all  
4 public school children with an opportunity for an adequate education.

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

7           (1) Assure the availability of substantially equal and  
8 constitutionally appropriate expenditures by the state for the education of  
9 each similarly situated child in the public schools, regardless of where that  
10 child resides within the state;

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

13           (3) Assure:

14           (A) That all students graduating from high school are able  
15 to demonstrate a defined adequate level of competence in:

16                   (i) English, oral communications, reading, and  
17 writing;

18                   (ii) Mathematics skills; and

19                   (iii) Science and social studies disciplines; and

20           (B) That an adequate level of competence evolves over time  
21 to higher levels;

22           (4) Assure that students with disabilities have the opportunity  
23 to graduate from high school by demonstrating alternative competencies or  
24 alternative levels of competency;

25           (5) Assure that students who are not on track for high school  
26 graduation are identified at a sufficiently early date so that they may be  
27 provided an opportunity at a reasonable cost to achieve the minimum levels of  
28 competence necessary to graduate from high school;

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

32           (7) Encourage parental involvement in the public schools and in  
33 public school activities; and

34           (8) 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) The General Assembly recognizes that the supervision of public  
2 schools and the execution of the laws regulating the schools shall be vested  
3 in such officers as the General Assembly provides.

4       (e) It is the intent of this subchapter to provide a system of school  
5 funding that provides to each public school child in the State of Arkansas an  
6 opportunity for an adequate education.

7  
8       6-20-2003. Definitions.

9       As used in this subchapter:

10       (1) "Additional education categories" means state funds  
11 distributed to school districts for alternative learning environments,  
12 English language learners, national school lunch students, professional  
13 development and technology;

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

18       (3)(A) "Average daily membership" means the total number of days  
19 of school attended plus the total number of days absent by students in grades  
20 kindergarten through twelve (K-12) during the first three (3) quarters of  
21 each school year divided by the number of school days actually taught in the  
22 school district during that period of time rounded up to the nearest  
23 hundredth.

24       (B) In those instances in which the average daily  
25 membership for less than three (3) quarters is specified, the number of days  
26 used in the calculation shall be the days in the specified period of time.

27       (C) As applied to this subchapter, students who may be  
28 counted for average daily membership are:

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

34       (ii) Legally transferred students living outside the  
35 school district but attending a public school in the school district; and

36       (iii) Students who are eligible to attend and reside

1 within the boundaries of a school district and who are enrolled in the  
2 Arkansas National Guard Youth Challenge Program, so long as the students are  
3 participants in the program;

4 (4) "Classroom teacher" means:

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

9 (B) A guidance counselor; or

10 (C) A librarian;

11 (5) "Debt service funding" means the state financial aid  
12 provided to qualifying school districts for the purpose of reducing existing  
13 debt service burdens.

14 (6) "English language learners" means students identified by the  
15 State Board of Education as not proficient in the English language based upon  
16 approved English proficiency assessment instruments administered annually in  
17 the fall of the current school year, which assessments measure oral, reading,  
18 and writing proficiency;

19 (7) "Foundation funding" means an amount of money specified by  
20 the General Assembly for each school year to be expended by school districts  
21 for the provision of an adequate education for each student;

22 (8) "General facility funding" means the state financial aid  
23 provided to each school district from funds made available for that line item  
24 purpose;

25 (9) "Legal revenues" means the revenues of a school district  
26 including current balances, unrestricted state and local funding for the  
27 current school year, proceeds from a revolving loan pursuant to § 6-20-801 et  
28 seq., proceeds from commercial bonds pursuant to § 6-20-1201 et seq., and  
29 proceeds from funds received pursuant to § 6-20-402;

30 (10) "Mandatory callable bonds" means a bond issue in which all  
31 net proceeds from debt service millage used to secure the issuance of that  
32 bond must be applied to payment of the issue and cannot be used for any other  
33 purposes;

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

1           (12) "Miscellaneous funds" means those average funds collected  
2 in the previous five (5) school years or previous school year, whichever is  
3 less, from funds received by a school district from federal forest reserves,  
4 federal grazing rights, federal mineral rights, federal impact aid, federal  
5 flood control, wildlife refuge funds, severance taxes, funds received by the  
6 school district in lieu of taxes, and local sales and use taxes dedicated to  
7 education pursuant to §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et  
8 seq., and 14-164-301 et seq.;

9           (13) "National school lunch students" means those students from  
10 low socio-economic backgrounds as indicated by eligibility for free or  
11 reduced-priced meals under the National School Lunch Act as calculated on  
12 October 1 of each year and submitted to the department in the Arkansas Public  
13 School Computer Network Cycle 2 report;

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

16           (15)(A) "Professional development" means a coordinated set of  
17 planned learning activities for teachers and administrators that are  
18 standards-based.

19           (B) Professional development shall result in individual,  
20 school-wide, and system-wide improvement designed to ensure that all students  
21 demonstrate proficiency in the state academic standards;

22           (16) "School district" means a geographic area with an elected  
23 board of directors that qualifies as a taxing unit for purposes of ad valorem  
24 property taxes under § 26-1-101 et seq. and which board conducts the daily  
25 affairs of public schools pursuant to the supervisory authority vested in it  
26 by the General Assembly and Title 6 of the Arkansas Code;

27           (17) "Special education catastrophic occurrences" means  
28 individual cases where special education and related services required by the  
29 individualized education program of a particular student with disabilities  
30 are unduly expensive, extraordinary, or beyond the routine and normal costs  
31 associated with special education and related services provided by a school  
32 district and funding is pursuant to rules promulgated by the state board;

33           (18) "State foundation funding aid" means the amount of state  
34 financial aid provided to each school district and computed as the difference  
35 between the foundation funding amount established by the General Assembly and  
36 the sum of ninety-eight percent (98%) of the uniform rate of tax times the

1 property assessment of the school district plus seventy-five percent (75%) of  
2 miscellaneous funds of the school district;

3 (19)(A) "Student growth funding" means the amount of state  
4 financial aid provided to each school district from the funds made available  
5 for that purpose.

6 (B) For school year 2004-2005, student growth funding is  
7 calculated as five thousand dollars (\$5,000) multiplied by the increase, if  
8 any, in the school district's two-quarter average of the average daily  
9 membership of the current school year over the local school district's  
10 average daily membership for the previous school year;

11 (20) "Technology" means any equipment for instructional purposes  
12 that is electronic in nature, including, but not limited to, computer  
13 hardware, computer software, internet connectivity, and distance learning;  
14 and

15 (21) "Uniform rate of tax" means a uniform rate of ad valorem  
16 property tax of twenty-five (25) mills to be levied on the assessed value of  
17 all taxable real, personal, and utility property in the state to be used  
18 solely for the maintenance and operation of the schools as required by  
19 Amendment 74 of the Arkansas Constitution.

20  
21 6-20-2004. Miscellaneous.

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

25  
26 6-20-2005. School funding.

27 (a)(1) For each school year, a school district shall receive state  
28 foundation funding aid computed as the difference between the foundation  
29 funding amount pursuant to subdivision (a)(2) of this section and the sum of  
30 ninety-eight percent (98%) of the uniform rate of tax times the property  
31 assessment of the school district plus seventy-five percent (75%) of  
32 miscellaneous funds of the school district.

33 (2) For the 2004-2005 school year, the foundation funding amount  
34 is equal to five thousand dollars (\$5,000) times the average daily  
35 membership.

36 (b)(1) In addition to state foundation funding aid, each school

1 district shall receive funding for additional education categories as  
2 provided in subdivisions (b)(2) through (b)(6) of this section.

3 (2)(A) For the 2004-2005 school year, alternative learning  
4 environment funding shall be three thousand one hundred seventy-five dollars  
5 (\$3,175) for each identified alternative learning environment student.

6 (B) Funding for students in alternative learning  
7 environments shall be distributed based on rules promulgated by the State  
8 Board of Education.

9 (3)(A) For the 2004-2005 school year the English language  
10 learners funding shall be four hundred sixty dollars (\$460) for each  
11 identified English language learner.

12 (B) Funding for English language learner students shall be  
13 distributed to school districts for students who have been identified as not  
14 proficient in the English language based upon a state-approved English  
15 proficiency assessment instrument.

16 (C) Funds allocated for English language learners to  
17 school districts under this subchapter shall be expended only for eligible  
18 activities as identified in current rules promulgated by the state board.

19 (4)(A) For the 2004-2005 school year, national school lunch  
20 student funding for each identified national school lunch student shall be as  
21 follows:

22 (i) For school districts in which eighty percent  
23 (80%) or greater of the enrolled students are national school lunch students,  
24 funding shall be nine hundred dollars (\$900).

25 (ii) For school districts in which at least sixty  
26 percent (60%) but less than eighty percent (80%) of the enrolled students are  
27 national school lunch students, funding shall be seven hundred dollars  
28 (\$700).

29 (iii) For school districts in which less than sixty  
30 percent (60%) of the enrolled students are national school lunch students,  
31 funding shall be four hundred twenty-five dollars (\$425).

32 (B) Funding for national school lunch students shall be  
33 based on the number of students eligible for free or reduced-price lunch  
34 program under the National School Lunch Act identified on the Arkansas public  
35 school computer network cycle two report.

36 (5)(A) Professional development funding for the 2004-2005 school

1 year shall be equal to fifty dollars (\$50.00) times the school district's  
 2 prior school year average daily membership.

3 (B) Funding for professional development for teachers in  
 4 Arkansas public schools may be used for professional development training  
 5 conferences, materials, and other professional development activities as  
 6 outlined in rules promulgated by the state board.

7 (6)(A) Technology support funding for the 2004-2005 school year  
 8 shall be equal to one hundred seventy-five dollars (\$175) times the school  
 9 district's prior school year average daily membership.

10 (B) Funding for technology may include, but is not limited  
 11 to, purchases of hardware, software, technology training, technology  
 12 infrastructure, electronic learning devices, training materials, technology  
 13 textbooks, and courses.

14 (C) Unexpended technology funds may be carried forward for  
 15 up to two (2) school years based on needs identified in the school district's  
 16 technology plan.

17 (c)(1) General facilities funding, debt service funding, isolated  
 18 funding under § 6-20-601, student growth funding and special education-  
 19 catastrophic occurrences funding shall be allocated and funded to school  
 20 districts from available funds in a line item appropriation within the Public  
 21 School Fund pursuant to law and rules promulgated by the State Board of  
 22 Education.

23 (2) A school district shall only use general facilities funding  
 24 for:

25 (A) The purchase of school buses, furniture, equipment,  
 26 and computer software;

27 (B) The renovation or repairs of existing facilities; or

28 (C) The repayment of commercial bonds or revolving loans.

29 (d) The sum of subsections (a)--(c) of this section shall be the total  
 30 state aid allocated and funded to school districts.

31 (e) Funds distributed to school districts under subsection (b) of this  
 32 section shall be expended only for students in those categories under rules  
 33 promulgated by the state board.

34  
 35 6-20-2006. Department of Education to provide funding -- Adjustments  
 36 for overpayments.



1       (a) If the Department of Education determines that an overpayment has  
2 been made to a school district under any appropriation authorized by this  
3 subchapter, the department is authorized to:

4             (1) Withhold the overpayment from subsequent state funding;

5             (2) To transfer the amount withheld for the overpayment to the  
6 line item appropriation from which the overpayment was initially made; and

7             (3) To request a refund from the school district in the amount  
8 of the overpayment.

9       (b) The school district shall comply as directed by the department.

10  
11       6-20-2007. Monitoring of expenditures.

12       (a) The General Assembly determines that although funds may be  
13 distributed to school districts under this subchapter, it is the duty and  
14 responsibility of the State of Arkansas to monitor such expenditures to  
15 ensure that each public school child in Arkansas is provided with an adequate  
16 education.

17       (b) Each school district shall ensure that funds distributed by the  
18 State of Arkansas to the district are utilized in an efficient manner in  
19 order to provide an adequate education.

20       (c) Each school district shall:

21             (1) Expend sums for teacher salaries in order to meet the  
22 requirements of Arkansas law;

23             (2)(A) Expend the sums allocated to the school district under  
24 each category of additional educational categories solely and exclusively for  
25 salaries and other instructional aid components to benefit the students in  
26 the categories within the school district.

27             (B) The school district shall further ensure that those  
28 sums are used to improve the educational opportunity of those children, with  
29 a primary emphasis on improving each student's proficiency;

30             (3) Expend other sums as may be allocated under this subchapter  
31 and as may be required by law in order to provide an equal opportunity for an  
32 adequate education;

33             (4) Ensure that sums appropriated by law and allocated to the  
34 school district are used to meet standards for accreditation and to provide  
35 the required curriculum for all students in the district; and

36             (5) Ensure that sums allocated for facilities or other capital

1 needs are spent in accordance with law.

2 (d)(1) During the appropriate Arkansas public school computer network  
3 reporting cycle each year, each school district shall submit appropriate data  
4 to the Department of Education establishing the school district's compliance  
5 with this section.

6 (2) The data shall be timely, accurate, and in the format  
7 required by rules promulgated by the State Board of Education.

8 (3) The data reported shall reflect the expenditure of each  
9 category of additional education categories.

10 (4) Reports for each school district shall be developed by the  
11 department and transmitted to the Governor, the Senate Interim Committee on  
12 Education, and the House Interim Committee on Education.

13  
14 6-20-2008. Other requirements for state aid.

15 In order for a school district to be entitled to state aid under the  
16 provisions of this subchapter, each school district shall:

17 (1) Expend in a school year no more than the legal revenues that  
18 are available for the school year to the school district as determined by  
19 state law or regulation of the State Board of Education;

20 (2) Maintain records and make reports concerning attendance,  
21 receipts, disbursements, and any other reports required by the Department of  
22 Education for the administration of this subchapter;

23 (3) Maintain proper financial records in accordance with the  
24 department's school accounting manual and regulations promulgated by the  
25 state board;

26 (4) Annually file with the state board a salary schedule for the  
27 school district's certified employees that recognizes a minimum level of  
28 training and experience. The schedule shall reflect the actual pay practices  
29 of the school district. Salary increments for experience or education, or  
30 both, shall be identified on the schedule; and

31 (5)(A) Maintain all pupil attendance records in their original  
32 form, either on paper or in an electronic format furnished or approved by the  
33 department and in accordance with law and regulations. The records shall be  
34 available for monitoring purposes during any day of the school term by the  
35 teachers or other persons designated to keep attendance.

36 (B) Original attendance records shall be kept on file in

1 the office of the superintendent of the school district after the school term  
 2 is ended for a period of three (3) years.

3  
 4 6-20-2009. Computation of classroom teacher salaries.

5 School districts may not include the cost of substitute teachers,  
 6 extended contracts for extracurricular activities, or supplementary pay for  
 7 extracurricular activities in meeting the expenditure requirements for  
 8 classroom teacher salaries pursuant to § 6-17-2301 et seq.

9  
 10 6-20-2010. Calculation and disbursement of funds authorized.

11 (a) On or before July 1 of every school year, the Department of  
 12 Education shall establish a schedule of payments to school districts of funds  
 13 authorized under this subchapter.

14 (b) The department shall calculate the amount of funds authorized by  
 15 this subchapter:

16 (1) At the beginning of the school year;

17 (2) At any point during the school year for the purpose of  
 18 making corrections for clerical errors and student growth; and

19 (3) At the end of the school year for the purpose of settling  
 20 amounts due to school districts under this subchapter.

21 (c) If statistical data required by this subchapter is not available  
 22 at the time the data is required for calculations, or if the school program  
 23 is disrupted for any cause not controlled by the local board of education,  
 24 the State Board of Education develop procedures that will ensure that the  
 25 provisions of this subchapter are properly enforced.

26  
 27 SECTION 2. Arkansas Code Title 6, Chapter 17, is amended to add the  
 28 following subchapter:

29 6-17-2401. Title.

30 This subchapter shall be known and may be cited as the "Differentiated  
 31 Teacher Compensation Program of 2003."

32  
 33 6-17-2402. Legislative Intent.

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

36 (1) Drives improvements in student academic achievement;

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

2           (3) Provides teachers with meaningful and rewarding

3 opportunities for advancement in the profession based on the acquisition of  
4 skills that enhance instructional excellence and student learning, taking on  
5 leadership roles, and making exceptional professional contributions;

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

8           (5) Encourages and rewards teachers individually for increasing  
9 their knowledge, skills, and competencies, and rewards teachers collectively  
10 for improving student performance;

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

13           (7) Promotes professional collegial cooperation;

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

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

18  
19       6-17-2403. Definitions.

20       As used in this subchapter:

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

25           (2) "Knowledge and skills-based pay system" is the compensation  
26 system established in § 6-17-2405;

27           (3) "School-based performance awards" means the compensation  
28 system established in § 6-17-2408;

29           (4) "Teacher" means any full-time employee of a public school  
30 district who is compelled by law to secure a license from the state board as  
31 a condition precedent to employment in a position in or related to grades  
32 pre-kindergarten through twelve (preK-12) of the public schools of this  
33 state.

34  
35       6-17-2404. Minimum teacher compensation schedule for 2004-2005.

36       (a) In school year 2004-2005, the board of directors in each school

district in the state shall pay their teachers upon a salary schedule that:

(1) Has annual increments for education and experience;

(2) Provides for a base salary; and

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

(b)(1) In school year 2004-2005 and each year thereafter, each school district whose teachers have not been assessed shall have in place a salary schedule with at least the following levels of compensation for the basic contract:

<u>Years Experience</u>	<u>BA Degree Salary</u>	<u>MA Degree Salary</u>
<u>0</u>	<u>\$27,891</u>	<u>\$30,750</u>
<u>1</u>	<u>28,449</u>	<u>31,365</u>
<u>2</u>	<u>29,018</u>	<u>31,992</u>
<u>3</u>	<u>29,598</u>	<u>32,632</u>
<u>4</u>	<u>30,190</u>	<u>33,285</u>
<u>5</u>	<u>30,795</u>	<u>33,951</u>
<u>6</u>	<u>31,410</u>	<u>34,630</u>
<u>7</u>	<u>32,039</u>	<u>35,323</u>
<u>8</u>	<u>32,679</u>	<u>36,029</u>
<u>9</u>	<u>33,333</u>	<u>36,750</u>
<u>10</u>	<u>34,000</u>	<u>37,485</u>
<u>11</u>	<u>34,680</u>	<u>38,235</u>
<u>12</u>	<u>35,374</u>	<u>39,000</u>
<u>13</u>	<u>36,082</u>	<u>39,780</u>
<u>14</u>	<u>36,804</u>	<u>40,576</u>
<u>15</u>	<u>37,540</u>	<u>41,388</u>
<u>16</u>	<u>38,291</u>	<u>42,216</u>
<u>17</u>	<u>39,057</u>	<u>43,060</u>
<u>18</u>	<u>39,838</u>	<u>43,921</u>
<u>19</u>	<u>40,634</u>	<u>44,799</u>
<u>20 years or more</u>	<u>41,447</u>	<u>45,695</u>

(2) For purposes of the salary schedule described in this subsection (b), the teacher's experience shall be his or her total years in any public school district in the state, and shall not be based only upon the years in the school district in which he or she is currently employed.

1 6-17-2405. Knowledge and skills-based pay after 2004-2005.

2 (a) In school year 2005-2006, the board of directors in each school  
 3 district in the state shall pay their teachers upon a salary schedule that:

4 (1) Has annual increments for education and experience;

5 (2) Provides for a base salary; and

6 (3) Provides for a minimum salary for a teacher with a master's  
 7 degree and at least fifteen (15) years of experience.

8 (b)(1) In school year 2005-2006 and each school year thereafter, each  
 9 school district whose teachers have been assessed shall have in place a  
 10 salary schedule with at least the following levels of compensation for the  
 11 basic contract:

<u>Skill Level</u>	<u>Step Within Level</u>	<u>Salary</u>	<u>Percent Step</u>
<u>Entry</u>	<u>1</u>	<u>\$29,000</u>	<u>0%</u>
	<u>2</u>	<u>29,580</u>	<u>2%</u>
	<u>3</u>	<u>30,172</u>	<u>2%</u>
<u>Emerging Career</u>	<u>1</u>	<u>33,038</u>	<u>9.5%</u>
	<u>2</u>	<u>33,669</u>	<u>2%</u>
	<u>3</u>	<u>34,373</u>	<u>2%</u>
<u>Career</u>	<u>1</u>	<u>37,638</u>	<u>9.5%</u>
	<u>2</u>	<u>38,391</u>	<u>2%</u>
	<u>3</u>	<u>39,159</u>	<u>2%</u>
	<u>4</u>	<u>39,942</u>	<u>2%</u>
<u>Master</u>	<u>1</u>	<u>43,736</u>	<u>9.5%</u>
	<u>2</u>	<u>44,661</u>	<u>2%</u>
	<u>3</u>	<u>45,503</u>	<u>2%</u>
	<u>4</u>	<u>46,413</u>	<u>2%</u>
<u>Arkansas Fellow</u>	<u>1</u>	<u>50,823</u>	<u>9.5%</u>

28 (2) For purposes of the knowledge and skills-based pay system,  
 29 when a teacher moves from one (1) school district to another, the teacher  
 30 shall be placed in an equivalent position in terms of skill level and steps  
 31 within the level on the salary schedule of the school district to which the  
 32 teacher moves.

33 (c)(1) No person without a standard teaching license issued by the  
 34 State Board of Education may advance from entry skill level to emerging  
 35 career skill level.

36 (2) For a person to advance from emerging career skill level to

1 each successive skill level, that person must demonstrate sufficient  
2 increases in knowledge and skills, and the ability to use those knowledge and  
3 skills to advance student achievement, in accordance with rules promulgated  
4 by the state board.

5 (3) If a person no longer demonstrates sufficient knowledge and  
6 skills commensurate with his or her designated skill level, as well as the  
7 ability to use those skills to advance student achievement, then that person  
8 will be given one (1) year to increase his or her knowledge and skills to  
9 meet the designated skill level. If the person fails to sufficiently  
10 increase his or her knowledge and skills, then the person's designated skill  
11 level shall be lowered to the appropriate skill level.

12 (4) A person must remain in the emerging career skill level for  
13 at least one (1) year before requesting promotion to the career skill level.  
14 A person must spend at least three (3) years in the career skill level before  
15 attempting to be promoted to the master skill level.

16 (5) The Arkansas fellow skill level is reserved for teachers who  
17 achieve and apply extraordinary expertise in the classroom.

18 (d)(1) Any person who has reached the highest step-within-level  
19 without advancing to the next skill level shall continue to receive increases  
20 in teacher pay equal to two percent (2%) per year.

21 (2) If the person then advances to the next skill level, the  
22 person's compensation shall increase by nine and one-half percent (9.5%) and  
23 shall continue to increase by two percent (2%) each school year thereafter.  
24

25 6-17-2406. Compensation system transition.

26 (a)(1) Before July 1, 2004, the State Board of Education shall  
27 promulgate rules to implement all aspects of the knowledge and skills-based  
28 pay system in § 6-17-2405.

29 (2) The state board shall work in cooperation with the House  
30 Interim Committee on Education and the Senate Interim Committee on Education  
31 and any subcommittees created by those committees while creating the rules.

32 (b) During the 2004-2005 school year, the Department of Education  
33 shall pilot and evaluate the knowledge and skills-based pay system under § 6-  
34 17-2404 in a limited number of school districts.

35 (c) During the 2004-2005 school year, the department shall determine  
36 when each school district shall assess its teachers for placement within the

1 knowledge and skills-based pay system under § 6-17-2405.

2  
3 6-17-2407. Additional pay for certain teacher qualities.

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

8 (2) The State Board of Education shall determine for each school  
9 year the academic areas in which there is a shortage of teachers.

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

14 (2) The state board shall determine for each school year the  
15 geographic areas in which there is a difficulty in recruiting and retaining  
16 teachers.

17 (c)(1) For the school year 2005-2006 and every school year thereafter,  
18 school districts operating under § 6-17-2405 shall pay a teacher an  
19 additional five percent (5.0%) of the teacher's salary if the teacher  
20 possesses academic credentials that are above what is required for a standard  
21 teaching license.

22 (2) The state board shall promulgate rules that provide which  
23 academic credentials will qualify for additional payments under this  
24 subsection (c)(1).

25  
26 6-17-2408. School-based performance awards.

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

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

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

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



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

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

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

13  
14       6-17-2409. Monitoring and assessment of the compensation system.

15       (a) The State Board of Education shall promulgate rules establishing a  
16 system for the monitoring and assessment of the implementation and  
17 continuation of the knowledge and skills-based pay system and the school-  
18 based performance awards.

19       (b) The Director of the Department of Education shall establish a unit  
20 within the department that is charged with the monitoring, training, and  
21 assessment duties required by this subchapter.

22  
23       6-17-2410. Future adjustments of the compensation system.

24       Each biennium, the House Interim Committee on Education and the Senate  
25 Interim Committee on Education shall analyze the compensation levels provided  
26 in this subchapter, review relevant data, and make recommendations to the  
27 General Assembly for any adjustments to the compensation levels as needed to  
28 further the objective provided in § 6-17-2402.

29  
30       SECTION 3. Arkansas Code § 6-23-501(a), concerning funding for open-  
31 enrollment charter schools, is amended to read as follows:

32       (a)(1) An open-enrollment charter school shall receive funds equal to  
33 the amount that the open-enrollment charter school would receive under §§ 6-  
34 20-1001 through 6-20-2011 if it were treated as a public school within a  
35 school district ~~the minimum state and local revenue per average daily~~  
36 ~~membership as defined in § 6-20-303.~~

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

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

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

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

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

13  
14           SECTION 4. Arkansas Code Title 6, Chapter 20, Subchapter 3 is  
15 repealed.

16           ~~6-20-301. Title.~~

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

19  
20           ~~6-20-302. Legislative findings.~~

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

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

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

36           ~~(1) Assure the availability of substantially equal and~~

1 constitutionally appropriate revenue for the education of each similarly  
 2 situated child in the public schools, regardless of where that child resides  
 3 within the state;

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

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

9           (4) ~~Assure that:~~

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

12           (i) ~~English communications, oral, reading, and  
 13 writing;~~

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

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

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

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

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

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

29           (8) ~~Encourage parental involvement in the public schools and  
 30 public school activities;~~

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

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

35           (11) ~~Avoid unnecessary duplication of administrative and  
 36 operational expenses;~~

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

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

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

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

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

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

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

18  
19          ~~6-20-303. Definitions.~~

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

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

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

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

32           ~~(4) "Average daily membership" means the total number of days~~  
33 ~~attended plus the total number of days absent by students in grades~~  
34 ~~kindergarten through twelve (K-12) during the first three (3) quarters of~~  
35 ~~each school year divided by the number of school days actually taught in the~~  
36 ~~district during that period of time rounded up to the nearest hundredth. In~~

1 ~~those instances in which the average daily membership for less than three (3)~~  
 2 ~~quarters is specified, the number of days used in the calculation shall be~~  
 3 ~~the days in the specified period of time. As applied to this subchapter,~~  
 4 ~~students who may be counted for average daily membership are:~~

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

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

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

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

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

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

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

22 ~~(a) The total available state aid for state~~  
 23 ~~equalization funding per student;~~

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

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

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

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

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

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

1                   ~~(C) — A librarian;~~

2                   ~~(7) — "Debt service funding supplement" means the state financial~~  
3 ~~aid provided to qualifying local school districts for the purpose of reducing~~  
4 ~~existing debt service burdens and increasing the amount of local revenue~~  
5 ~~available for maintenance and operations expenditures and calculated as~~  
6 ~~follows: For each mill of eligible debt service millage required, the local~~  
7 ~~school shall be provided a dollar amount of no less than fifteen dollars~~  
8 ~~(\$15.00) per average daily membership times the state wealth index;~~

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

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

17                   ~~(10) — "Eligible debt service millage required" means, in the~~  
18 ~~computation of the debt service funding supplement, the debt service millage~~  
19 ~~required for bonds issued before May 30 of each year;~~

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

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

31                   ~~(13) — "Incentive funding" means the state financial aid provided~~  
32 ~~to local school districts below the ninety fifth percentile for the purpose~~  
33 ~~of eliminating the incentive a local school district may have to reduce its~~  
34 ~~additional mills available for maintenance and operations and which is~~  
35 ~~calculated by taking one half (1/2) of the difference between the amount of~~  
36 ~~additional base funding a local school district would have received if it~~

1 only levied the uniform rate of tax and the additional base funding the  
 2 district receives in the current school year. For purposes of the calculation  
 3 of the amount of additional base funding a district would have received if it  
 4 had only levied the uniform rate of tax, twenty five percent (25%) of the  
 5 miscellaneous funds received by any local school district shall be excluded  
 6 from the calculation;

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

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

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

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

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

26 (E) ~~If the statewide amount for isolated funding~~  
 27 ~~calculated pursuant to this section is less than the amount appropriated for~~  
 28 ~~isolated funding, the state board may include a funding factor to the~~  
 29 ~~calculation in subdivision (14)(A) of this section in order to expend up to~~  
 30 ~~the appropriated amount;~~

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

1 ~~previous year;~~

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

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

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

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

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

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

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

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

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



1 student;

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

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

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

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

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

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

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

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

34                   ~~(iii) The local school district's miscellaneous~~  
 35 ~~funds; and~~

36                   ~~(iv) State equalization funding, student classroom~~

1 ~~teacher funding, student unit funding, vocational funding, general facilities~~  
 2 ~~funding, and student growth funding available to the local school district;~~  
 3 ~~and~~

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

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

13 ~~(A) The local school district's maintenance and operation~~  
 14 ~~millage;~~

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

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

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

19  
 20 ~~6-20-304. Liberal construction.~~

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

24  
 25 ~~6-20-305. Miscellaneous.~~

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

29  
 30 ~~6-20-306. School funding.~~

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

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

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

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

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

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

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

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

10  
 11 ~~6-20-307. Facilities.~~

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

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

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

23  
 24 ~~6-20-308. Department of Education to provide funding—Adjustments for~~  
 25 ~~overpayments.~~

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

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

36 ~~(b) A school district shall not lose any state funding as a result of~~

1 ~~debt service savings produced by refunding outstanding bonds provided that:~~

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

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

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

16  
 17 ~~6-20-309. Local school districts—Restrictions on use of specific~~  
 18 ~~funding.~~

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

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

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

26  
 27 ~~6-20-310. Local school districts—Required expenditures.~~

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

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

34  
 35 ~~6-20-311. Local school districts.~~

36 ~~(a) Beginning with the 1995-1996 school year, each local school~~

1 ~~district shall prepare an annual certified audit of the financial condition~~  
2 ~~and transactions of the local school district as of June 30 of each year in~~  
3 ~~accordance with generally accepted accounting practices and containing any~~  
4 ~~other data as determined by the State Board of Education.~~

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

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

8  
9 ~~6-20-319. Other requirements for state aid.~~

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

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

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

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

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

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

35  
36 ~~6-20-320. Computation of classroom teacher salaries.~~

1           ~~Local school districts may not include the cost of substitute teachers,~~  
2 ~~extended contracts for extracurricular activities, or supplementary pay for~~  
3 ~~extracurricular activities in meeting the expenditures requirement for~~  
4 ~~student classroom teacher salaries.~~

5  
6           ~~6-20-323. Special needs students.~~

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

10           ~~(b) Funding for students with limited English proficiency shall be~~  
11 ~~based upon actual students who have been identified based on the use of an~~  
12 ~~English proficiency assessment instrument. These funds shall be distributed~~  
13 ~~pro rata based upon the number of students identified as limited English~~  
14 ~~proficient.~~

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

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

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

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

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

4  
5           ~~6-20-324. Incentive revenues to encourage local millage.~~  
6 ~~After the calculation and provision of additional base funding, the~~  
7 ~~Department of Education shall provide incentive funding to local school~~  
8 ~~districts below the district at the ninety fifth percentile in order to~~  
9 ~~reward local school districts for levying additional mills available for~~  
10 ~~maintenance and operations and in order to remove the potential disincentive~~  
11 ~~for a local school district to reduce its additional mills available for~~  
12 ~~maintenance and operations in order to receive additional base funding or in~~  
13 ~~order to receive an increase in additional base funding.~~

14  
15           ~~6-20-325. State equalization funding for natural disaster areas.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. Effective Date. This act shall become effective on July 1, 2004.



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