

## Bureau of Legislative Research



State Capitol, Room 315  
Little Rock, Arkansas 72201  
Phone: (501) 682-1937 Fax: (501) 537-5908  
[www.arkleg.state.ar.us](http://www.arkleg.state.ar.us)

---

### Memorandum

---

**DATE** : August 14, 2006  
**TO** : Education Committee  
**FROM** : Matthew Miller, Staff Attorney  
**SUBJECT** : Poverty funding

---

#### Question Presented

Arkansas uses free and reduced lunch eligibility under the National School Lunch Act (NSLA) as a measurement for state poverty money. What criteria do other states use for providing poverty funding?

#### Discussion

Arkansas joins the majority of states in using free and reduced lunch eligibility as a measurement for state poverty money.

According to "State Poverty-Based Education Funding: A Survey of Current Programs and Options for Improvement" (Center for Budget and Policy Priorities, November 7, 2002) and a fact sheet prepared by the University of Arkansas concerning "How Does Arkansas Distribute Poverty" (attached), thirty-eight (38) states distribute poverty-based education funds. Of that thirty-eight (38), twenty (20) states, including Arkansas, provide some or all of poverty funding based upon the number of students eligible for free or reduced meals. Ten (10) states use the number of free lunch-eligible students only. Six (6) states rely on U.S. Bureau of Census poverty data, three (3) states use the number of children receiving TANF benefits, and one (1) state uses food stamp program data. 15 states, including Arkansas, vary the amount of poverty funding to districts based above a certain threshold, where the per pupil funding level increases in districts with higher rates of poverty students. Note that the above breakdown of states does not add up to thirty-eight (38) as some states have multiple programs which use different distribution calculations.

x

 [Back to Education Fact Sheets](#)

## How Does Arkansas Distribute Poverty Funding?

### Questions:

At the September 15, 2005, Interim House and Senate Education Committee meeting, several questions were raised regarding the distribution of categorical poverty funding for students.

1. **On what basis is poverty funding distributed in Arkansas ?**
2. **What do other states do?**
3. **Is there a better method of distribution available?**

### Question 1: Arkansas Method

According to the National School Lunch Program (NSLP) students from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Students from families with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals, which means students pay a maximum of 40 cents for meals. For the 2005-06 school year, 130 percent of the poverty level is \$25,155 for a family of four and 185 percent is \$35,798.

The current basis for students living in poverty in Arkansas is the percent of students who qualify for the NSLP. Presently, poverty funding is provided at three levels:

- \$480 per low-income student in districts where less than 70% of students qualify for free and reduced price lunches;
- \$960 per low-income student in districts where 70% to 90% of students qualify for free and reduced price lunches; and
- \$1,440 per low-income student in districts where more than 90% of students qualify for free and reduced price lunches.

The question remains, however, is using percent of students on free and reduced price lunch a "good" measure of poverty?

### Advantages of FRL

Free and reduced price lunch is a good measure for distributing funds for students living in poverty for two reasons – it is nationally based and straightforward. First, this measure is based on a national program, so the definitions for students living in poverty are uniform across each district in the

x

state and each state in the country. Second, the percent of students who qualify for free and reduced price lunch is one number, which provides a straightforward measure of determining poverty.

### **Disadvantages of FRL**

Using free and reduced price lunch, however, does have two key disadvantages – indiscriminate distribution and single measure. Free and reduced price lunch is ineffective at discriminating between levels of poverty. For example, a student from a family of four with an income of \$25,000 and a student from a family of four with an income of \$5,000 both receive the same amount of funding at school, although these two students likely face very different educational challenges. Additionally, free and reduced price lunch is a single measure of poverty, which is based solely on family income, and no other relevant socio-economic status measure (e.g. educational attainment of family, property value of family home, etc.).

### **Question 2: Other States**

Arkansas is similar to most other states in its method of determining and providing poverty-based funding for students. Based on a 2002 report by the Center on Budget and Policy Priorities , 38 states distribute education funds on the basis of poverty. Thirteen of the states provide poverty funding by adjusting the state aid formulas, 18 states provide categorical funds (e.g. Arkansas ) to districts based on the number of poor students, and seven states use a mix of these two approaches.

Very few states, however, have attempted to develop a definition of children in poverty, rather most states have opted to use a federal program that already distributes money to children in poverty. Notwithstanding the consensus of states to use federal definitions, states do differ in the amount and method of providing funds for students.

According to the report, the most commonly used measure to determine eligibility for the poverty money is the federally funded free and reduced price lunch program, which is used by 30 states. Twenty states base their distribution of poverty funding on the number of free or reduced price poverty, while 10 states provide money only for those students who qualify for free lunches. Six other states use a poverty index calculated by the Bureau of Census, three states use the number of students in families who qualify for the Temporary Assistance for Needy Families (AFDC/TANF), and one state provides funds based on the number of families receiving food stamps. Similar to Arkansas , 15 states vary the amount of poverty funding to districts based above a certain threshold, where the per pupil funding level increases in districts with higher rates of poverty students.

### **Question 3: Alternative Distribution Methods**

Using free and reduced price lunch, TANF, or food stamps do attempt to provide increased dollars for students living in poverty. Similar to free and reduced price lunch, however, TANF and food stamps are problematic measures. Regarding TANF and food stamps, states differ in their authorization of these programs, and these are programs for families for a limited time – that is, families may not remain on these programs for the 12 or more years of education that children

may be in school. Also, students on food stamps or TANF are at a different level of poverty (100%) than students who qualify for free and reduced price lunch programs (185%).

Another means of distributing money is to use more measures of low income and develop a "poverty index", which would account for how money is distributed. For example, an index of the educational attainment level of the family, the family personal income, and property value of the home for the family could be computed. We know that these three variables indicate poverty and are associated with student performance; therefore, using these three measures in conjunction could prove more valuable than a single measure (e.g. free and reduced price lunch, TANF, food stamps). Furthermore, using this index could provide funding that directly relates to the needs of the students – that is, this index could distinguish between a student from a family of four with an income of \$25,000 and a student from a family of four with an income of \$5,000.

### Summary

In order to thoughtfully consider the "fairness" of the poverty indicator used in Arkansas and many other states – free and reduced price lunch – we must first ask why poverty money is allocated. States have determined that providing additional funding for students in poverty is necessary in order to provide an equal opportunity for all students. Recognizing why this money is allocated, we must wonder *how* the money should be used—that is, how can the additional money provide an equal opportunity and what does equal mean? This is where states seem to vary; consequently, different services are provided to students in each state. Generally, we conclude that poverty funding has been used to improve instruction and curriculum, or to support social and health programs. For example, The Wisconsin SAGE program provided \$2,000 per student eligible for the free and reduced-price lunch program to reduce student-teacher ratios to 15-to-one in grades K-3.

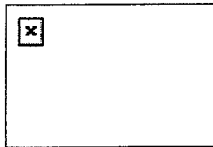
Notwithstanding the concerns over what services should be provided to give all students an equal opportunity, the discussion about poverty funding is further complicated by the fact that there is no consensus on the additional costs of educating individual poor students, much less concentrations of poor students. Thus, there is no fair metric by which we can assess the "correctness" of the Arkansas distribution method.

At this point, we can conclude that Arkansas' formula does attempt to channel more resources toward poor students, particularly those in very poor districts, and the distribution method is consistent with what most other states are doing. Is this enough? There is no way to tell, but it will be important over the next few years for the state to assess how these funds are used to learn about the most effective ways to employ these resources to improve education for poor kids.

US Department of Agriculture Food and Nutrition Service  
(<http://www.fns.usda.gov/cnd/Lunch/AboutLunch/NSLPFactSheet.pdf>)

Carey, K. (2002). State poverty-based education funding: A survey of current programs and options for improvement. *Center on Budget and Policy Priorities*.  
<http://www.cbpp.org/11-7-02sfp.pdf>

*To receive a copy of this Fact Sheet or other information, please visit <http://www.uark.edu/ua/oep> or contact the University of Arkansas ' Office for Education Policy at (479) 575-3773.*



**Office of Education Policy  
University of Arkansas  
15 West Avenue Annex  
Fayetteville, Arkansas 72701  
Telephone: (479) 575-3773  
Fax: (479) 575-4930  
Email: [oep@cavern.uark.edu](mailto:oep@cavern.uark.edu)**

**Subchapter 24.**  
**Teacher Compensation Program of 2003.**

**6-17-2401. Title.**

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

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 2.

**6-17-2402. Definitions.**

As used in this subchapter:

(1) "Basic contract" means a teacher employment contract for one hundred ninety (190) days that includes ten (10) days of professional development; and

(2) "Teacher" means:

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

(B) A guidance counselor; or

(C) A librarian.

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 2; 2003 (2nd Ex. Sess.), No. 74, § 1.

**6-17-2403. Minimum teacher compensation schedule.**

(a) The board of directors in each school district in the state shall pay classroom

teachers upon a minimum salary schedule that provides:

- (1) Annual increments for education and experience;
- (2) A base salary; and
- (3) A minimum salary for a teacher with a master's degree and at least fifteen (15) years' experience.

(b)(1) In school year 2004-2005, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:

Years of Experience Salary	BA Degree Salary	MA Degree
0	\$27,500	\$31,625
1	27,950	32,125
2	28,400	32,625
3	28,850	33,125
4	29,300	33,625
5	29,750	34,125
6	30,200	34,625
7	30,650	35,125
8	31,100	35,625
9	31,550	36,125
10	32,000	36,625
11	32,450	37,125
12	32,900	37,625
13	33,350	38,125
14	33,800	38,625
15	34,250	39,125

(2) In school year 2005-2006, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:

Years of Experience Salary	BA Degree Salary	MA Degree
0	\$27,940	\$32,131

1	28,390	32,631
2	28,840	33,131
3	29,290	33,631
4	29,740	34,131
5	30,190	34,631
6	30,640	35,131
7	31,090	35,631
8	31,540	36,131
9	31,990	36,631
10	32,440	37,131
11	32,890	37,631
12	33,340	38,131
13	33,790	38,631
14	34,240	39,131
15	34,690	39,631

(c) In school year 2006-2007 and each school year thereafter, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:

Years of Experience Salary	BA Degree Salary	MA Degree
0	\$28,611	\$32,902
1	29,061	33,402
2	29,511	33,902
3	29,961	34,402
4	30,411	34,902
5	30,861	35,402
6	31,311	35,902
7	31,761	36,402
8	32,211	36,902
9	32,661	37,402
10	33,111	37,902



11	33,561	38,402
12	34,011	38,902
13	34,461	39,402
14	34,911	39,902
15	35,361	40,402

(d)(1) For purposes of the salary schedules described in this section, the teacher's experience is his or her total years' experience as a teacher with a valid Arkansas teaching license and teaching at any:

(A) Public school accredited by the Department of Education or a nationally recognized accrediting association;

(B) Private school within the State of Arkansas accredited by a nationally recognized accrediting association; or

(C) Institution of higher education within the State of Arkansas accredited by a nationally recognized higher education institution accrediting association.

(2) A teacher's years of experience shall be based upon:

(A) The years in the school district in which the teacher is employed when the salary schedule in this section is considered; and

(B) The teacher's years of experience with a valid Arkansas teaching license at an institution in subdivision (d)(1) of this section.

(3) For purposes of this section, "years of service" means:

(A) Performing the full-time duties of a teacher for a full school year with a valid Arkansas teaching license; or

(B) Years of employment with an Arkansas public school in a full-time position that requires that the teacher have an Arkansas teaching license.

(e)(1) A teacher is entitled to additional pay if the number of days in the teacher's contract for the 2005-2006 school year exceeds the number of days in the teacher's contract for the 2004-2005 school year.

(2) The additional pay is at least equal to the number of additional contract days under subdivision (e)(1) of this section multiplied by the daily rate calculated using the teacher's 2004-2005 salary.

(3) A teacher is entitled to additional pay if the number of days in the teacher's contract for

the 2006-2007 school year exceeds the number of days in the teacher's contract for the 2005-2006 school year.

(4) The additional pay is at least equal to the number of contract days for the 2006-2007 school year exceeding the number of days in the teacher's contract for the 2005-2006 school year multiplied by the daily rate calculated using the teacher's 2005-2006 salary.

(f) For purposes of this section, "daily rate" means the teacher contract salary divided by the number of days in the teacher contract.

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 2; 2003 (2nd Ex. Sess.), No. 74, § 2; 2005, No. 2130, § 1; 2005, No. 2307, § 1; 2006 (1st Ex. Sess.), No. 19, § 2.

**6-17-2404. [Repealed.]**

**Publisher's Notes.** This section, concerning knowledge-based and skills-based pay, was repealed by Acts 2005, No. 2121, § 5. The section was derived from Acts 2003 (2nd Ex. Sess.), No. 59, § 2.

**6-17-2405. Future adjustments of the compensation system.**

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

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 2.

**6-17-2406. Applicability of teacher salary schedule.**

(a) As used in this section, "teacher" means any full-time employee of the C-Step Program or the Arkansas National Guard Youth Challenge Program, or both:

(1) Who is compelled by law to secure a license from the State Board of Education as a

condition precedent to employment in a position in or related to grades prekindergarten through twelve (preK-12); and

(2) Who is:

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

(B) A guidance counselor; or

(C) A librarian or media specialist.

(b) To the extent that funds are specifically appropriated by the General Assembly, any teacher employed by the C-Step Program or the Arkansas National Guard Youth Challenge Program, or both, shall be paid no less than the amounts set forth under the Teacher Compensation Program of 2003, § 6-17-2401 et seq.

(c) Nothing in this section shall be construed to require a school district to pay the salary of any teacher who is not an employee of the school district or to require that teachers be paid from any state funds other than as appropriated by the General Assembly.

**History.** Acts 2005, No. 1777, § 1.

**6-17-2407. Reduction in force procedure.**

(a) It is the public policy of the State of Arkansas that each school district shall have a written policy on reduction in force based upon objective criteria for a layoff and recall of employees.

(b) A "layoff" is an unavoidable reduction in the workforce beyond normal attrition.

**History.** Acts 2005, No. 2149, § 1.

**Implementing Ark. Code Ann. 6-17-201(b)(1), 6-17-201(b)  
(2), 6-17-201(c), 6-20-319-(4)(b)**

**1.00 Regulatory authority**

1.01 These regulations shall be known as the Arkansas Department of Education regulations implementing Ark. Code Ann. 6-17-201(b)(1), 6-17-201(b)(2), 6-17-201(c), and 6-20-319(4)(b).

1.02 The regulations are enacted pursuant to the State Board of Education's authority under Ark. Code Ann. 6-11-105 and 6-20-303.

**2.00 Purpose**

2.01 The purpose of these regulations is to describe how the Department of Education will implement Ark. Code Ann. 6-17-201(b)(1), 6-17-201(b)(2), 6-17-201(c), and 6-20-319(4)(b).

**3.00 Definitions**

3.01 A certified employee is defined as any employee of a local public school district who is compelled by law or regulation to secure a license from the State Board of Education.

3.02 A salary schedule is defined as an inventory document of salaries which recognizes: (1) level of training, (2) level of experience, (3) extended contract, (4) salary supplements for additional duties, additional responsibilities, and (5) fringe benefits (exclusive of social security matching and worker's compensation insurance). In addition, the salary schedule is defined to reflect the actual pay practice of the district.

3.03 A base teacher salary schedule is defined as a teacher salary schedule of pay for no less than the number of days classroom teachers are required to be contracted for in order to comply with the minimum standards for accreditation.

3.04 An extended contract is defined as additional days added to a certified employee's contract for which the employee's pay is increased proportionally so that the employee will receive pay for each day they are contracted to work in addition to what is required to be paid according to the base teacher salary schedule.

3.05 A salary index is defined as a method of determining Additional salary by establishing a numerical relationship between the base teacher salary schedule and additional days, duties, and responsibilities.

3.06 A salary supplement is defined as the additional salary paid for each unique additional service provided by certified employees.

3.07 A fringe benefit is defined as any service or commodity exclusive of social security matching and worker's compensation insurance provided to certified employees which may or may not be in lieu of salary.

3.08 A purchased service is defined as insurance or utility provided to or on behalf of certified employees.

3.09 A commodity is defined as a supply, good, material, equipment, machinery, facility, or property provided to or on behalf of certified employees.

3.10 Personnel policies are defined as written policies for certified personnel adopted by the school board in accordance with Ark. Code Ann. 6-17-201 et. seq.

**4.00 Implementation of Ark. Code Ann. 6-17-201(b)(1), 6-17-201(b)(2), 6-17-201(c), and 6-20-319(4)(b)**

4.01 On the second working day of August, the Department of Education will notify each school district which has not, by the last working day in July, filed with the Department its current personnel policies including a salary schedule for certified employees which meets the requirements of the law and these regulations.

4.02 The Department of Education will withhold all funds from the Public School Fund due any school district until such time as the district has filed with the Department of Education its current personnel policies.

4.03 In order to continue to qualify for state aid, each school district must file with the Department of Education, within 60 days, its current personnel policies throughout the year as changes are made in personnel policies including changes made in the certified employee salary schedule.

**Rules and Regulations  
Governing Waivers of Minimum Salaries for  
Certified Personnel**

**1.00 Regulatory Authority**

1.01 These regulations shall be known as the Department of Education Regulations governing the waiving of minimum salaries to be paid certified personnel.

1.02 These regulations are enacted pursuant to the State Board of Education's specific authority under Arkansas Codes Annotated 6-17-1001 and 6-11-105 (Repl. 1993).

**2.00 Purpose**

2.01 It is the purpose of these regulations to set general guidelines for granting waivers to school districts which cannot meet the provisions of Arkansas Code Annotated 6-17-1001.

**3.00 Filing a Request**

3.01 School district requests for waivers shall be on forms provided by the Arkansas Department of Education.

**4.00 District Eligibility Criteria**

4.01 School districts shall meet the minimum expenditure requirements of Ark. Code Ann. 6-20-310 (Supp. 1995) for the school year for which the request is made.

4.02 School districts shall have a base millage of no less than 25 mills available for maintenance and operation.

4.03 A school district must show that its combined teacher salary, operating and debt service fund balances will be depleted within three years if relief is not granted.

4.04 Prior to receiving a waiver, a school district shall seek assistance from the Department of Education in developing and filing a plan with the Department for the purpose of eliminating the need for a waiver as soon as possible.

4.05 Prior to receiving a waiver, the school board shall review in a regularly scheduled public meeting the need for a waiver, the plan to eliminate the future needs for a waiver which is to be filed with the Department, and implications for all educational programs should the waiver be granted.

**5.00 Review and Approval of Requests**

5.01 A committee appointed by the Director of the Department of Education shall review waiver applications and make recommendations. The Director shall have final authority in the disposition of requests.

5.02 One year approved waivers shall be tentative subject to findings which reflect compliance with all eligibility criteria.

5.03 Relief shall not be granted beyond an amount necessary to prevent the district from depleting its balances within three years.

5.04 Final approval by the Director shall identify that district as meeting the requirements of a Phase I fiscal distress district.

**6-17-811. Incentives for teacher recruitment and retention in high-priority districts.**

(a)(1) For purposes of this section:

(A) "High-priority district" means a district of one thousand (1,000) or fewer students in which eighty percent (80%) or more of public school students are eligible for the free or reduced-price lunch program under the National School Lunch Act and have a three-quarter average daily membership of one thousand (1,000) or fewer for the 2003-2004 school year;

(B) "Previous year" means the school year immediately preceding the present school year; and

(C)(i) "Teacher" or "teachers" means those certified personnel who spend seventy percent (70%) of their time working directly with students in a classroom setting teaching all grade-level or subject-matter appropriate classes.

(ii) "Teacher" or "teachers" includes guidance counselors and librarians.

(2) The State Board of Education shall promulgate rules to determine high-priority districts of the state.

(b) Beginning in the 2004-2005 school year, a teacher licensed by the state board who teaches in a school in a high-priority district shall receive in addition to all other salary and benefits:

(1)(A) For new teachers, a one-time signing bonus to work in any high-priority district to be paid as follows:

(i) Four thousand dollars (\$4,000) at the time a teacher not currently employed by the district signs a new contract to teach in a high-priority district; and

(ii) Three thousand dollars (\$3,000) at the beginning of each of the next two (2) subsequent years if the teacher continues teaching in the same high-priority district.

(B)(i) If a teacher has received bonus pay under subdivision (b)(1)(A) of this section and leaves the high-priority district before the end of the three-year bonus pay period, the teacher shall pay back the amount of the bonus received in the previous year.

(ii) If the teacher leaves the district during the school year, the teacher shall pay back the previous year's bonus and the current year's bonus; and

(2)(A) For all teachers not newly signed to work in the district, a retention bonus of two thousand dollars (\$2,000) shall be paid:



- (i) For the 2004-2005 school year; and
  - (ii) At the beginning of each of the next two (2) subsequent years if the teacher continues to work in a high-priority district.
- (B)(i) If a teacher has received bonus pay under subdivision (b)(2)(A) of this section and voluntarily leaves the high-priority district before the end of the three-year bonus pay period, the teacher shall pay back on a pro-rata basis the amount of the bonus received in the previous years.
- (ii) If the teacher voluntarily leaves the district during the school year, the teacher shall pay back the previous year's bonus and the current year's bonus.
  - (iii)(a) If a full-time-equivalent teacher is reassigned involuntarily to a position that is not eligible for bonus pay under this section or is dismissed involuntarily by a school district, the teacher shall not be required to repay the applicable bonus pay.
  - (b) The school district shall provide documentation to the Department of Education of the involuntary assignment or dismissal.
  - (iv) If a teacher qualified to receive bonus pay under this section leaves the district due to a serious medical emergency, the teacher shall not be obligated to repay the bonus if the teacher provides a written statement from a licensed physician stating that the teacher is unable to work and must terminate his or her employment.
  - (c) Any bonus pay awarded under this section to eligible full-time-equivalent teachers who do not work the entire school year shall be pro rated based on the portion of the school year that the eligible teacher was employed by the high-priority school district.
  - (d) The department shall:
    - (1) Monitor the implementation of the incentive program established by this section; and
    - (2) Collect data to be used to evaluate the incentive program's effectiveness.

**History.** Acts 2003 (2nd Ex. Sess.), No. 101, § 1; 2005, No. 1962, § 12; 2005, No. 2151, § 31.

**Arkansas Department of Education  
Rules Governing Incentives for Teacher Recruitment  
And Retention in High Priority Districts with  
An Average Daily Membership of 1,000 or Fewer  
July 2005**

**1.00 Regulatory Authority**

- 1.01 These rules shall be known as the Arkansas Department of Education Rules Governing Incentives for Teacher Recruitment and Retention in High Priority Districts with an Average Daily Membership of 1,000 or Fewer.
- 1.02 These rules are enacted pursuant to the Arkansas State Board of Education's authority under A.C.A. §§ 6-11-105 and 6-17-811.

**2.00 Purpose**

The purpose of these rules is to establish the procedures to provide incentives for teacher recruitment and retention in high priority districts.

**3.00 Definitions**

Unless otherwise specifically stated herein, the term:

- 3.01 Bonus Pay Period - Means the three-year period in which an eligible employee receives a signing or a retention bonus.
- 3.02 Department - Means the Arkansas Department of Education.
- 3.03 High Priority District - Means a district of one thousand (1000) or fewer students in which eighty percent (80%) or more of public school students are eligible for the free or reduced-price lunch program under the National School Lunch Act and have a three-quarter average daily membership of one thousand (1,000) or fewer for the 2003-2004 school year.
- 3.04 Previous year - Means the school year immediately preceding the current school year.
- 3.05 Retention Bonus - Means beginning in the 2004-2005 school year a one time \$2,000 bonus paid per year for three consecutive years to certified teachers employed by a high priority district during the school year, and who were employed at the high priority district during the previous school year and who have not received or are currently receiving a signing bonus, pursuant to these rules, from the school district.

- 3.06 Signing Bonus - Means beginning in the 2004-2005 school year, a one time \$4,000 bonus awarded to a teacher not employed by a high priority district for the previous school year, who signs a new contract to teach in a high priority district for the current school year and who has not received a prior signing or retention bonus, pursuant to these rules, from the school district.
- 3.07 Teacher - Means those certified personnel who spend seventy percent (70%) of their time working directly with students in a classroom setting teaching all grade-level or subject matter appropriate classes, including guidance counselors and librarians.

#### **4.00 Incentives**

- 4.01 Beginning in the 2004-2005 school year, a certified teacher licensed by the State Board of Education and teaching in a high-priority district shall receive incentive pay.
- 4.02 Beginning in the 2004-2005 school year teachers who sign their initial contract with a high priority district shall receive a one-time signing bonus of \$4,000 at the beginning of the school year.
  - 4.02.1 For each of the next two years, that teacher referred to in Section 4.02 shall receive a \$3,000 bonus at the beginning of the school year while still employed at the same high priority district.
  - 4.02.2 If the teacher has received bonus pay under Section 4.02 of this rule and voluntarily leaves the high priority district before the end of the three-year bonus pay period, the teacher shall pay back the amount of the bonus received in the previous year.
  - 4.02.3 If the teacher voluntarily leaves the high priority district during the school year, the teacher shall pay back the previous year's bonus and the current year's bonus.
  - 4.02.4 If a teacher has received a signing bonus, and the teacher is reassigned involuntarily to a position that is not eligible for signing bonus pay or that teacher is dismissed involuntarily by a high priority district, the teacher shall not be required to repay the applicable signing bonus.
  - 4.02.5 If a teacher qualified to receive a signing bonus leaves the high priority district due to a serious medical emergency, the

teacher shall not be required to repay the signing bonus provided documentation from a licensed physician validating the need to terminate employment due to medical reasons is filed with the district.

- 4.03 Beginning in 2004-2005, all currently employed certified teachers who have been employed by the high priority district in the previous school year and who are not receiving a signing bonus, shall receive a \$2,000 retention bonus at the beginning of each of the next two subsequent school years as long as the teacher continues to be employed by the high priority district.
  - 4.03.1 If a currently employed teacher receives a retention bonus under Section 4.03 of this rule and then voluntarily leaves the high priority district before the end of the bonus pay period, the teacher shall pay back the amount of the retention bonus received in the previous year.
  - 4.03.2 If a currently employed teacher voluntarily leaves the high priority district during the school year, that teacher shall pay back the previous year's bonus and the current year's bonus.
  - 4.03.3 If a teacher has received a retention bonus and that teacher is reassigned involuntarily to a position that is not eligible for retention bonus pay or a teacher is dismissed involuntarily by a high priority district, the teacher shall not be required to repay the applicable retention bonus pay.
  - 4.03.4 If a teacher qualified to receive retention bonus pay leaves the high priority district due to a serious medical emergency, the teacher shall not be required to repay the retention bonus provided documentation from a licensed physician validating the need to terminate employment due to medical reasons is filed with the district.
- 4.04 No teacher may receive both a signing bonus and a retention bonus in the same year.
- 4.05 Any bonus pay awarded to an eligible, full time equivalent teacher who does not work the entire school year shall be pro-rated based on the portion of the school year that the eligible teacher was employed by the high priority district.

**5.00 Documentation**

- 5.01 Beginning in 2004-2005, the Department shall issue by September 1 of each year a list of the high priority districts in which eighty (80) percent (80%) or more of the public school students are eligible for free and reduced price meals.
- 5.02 Beginning in 2004-2005, the Free and Reduced Price Meal calculation shall be based on the list of eligible students in a district as verified by the Child Nutrition Unit of the Department based on the October 1 list of eligibles for grades K-12 for the previous school year.
- 5.03 The determination of eligibility for high priority district designation in annexed or consolidated districts is made based on the combining of the enrollment, average daily membership, and free and reduced price meal calculations for the two or more districts that were annexed or consolidated.
- 5.04 Beginning in 2004-2005, high priority districts shall notify the Department on forms provided by the Department, and identify all eligible teachers employed at the high priority district for the current school year. The district shall list teachers who are not employed by the high priority district during the previous school year and teachers employed the previous school year who continue to be employed for the current school year.
- 5.05 Upon receipt of the form from each high priority district, the Department shall distribute the funds to the districts who will distribute the appropriate bonuses to the teachers employed by the high priority districts.
- 5.06 Districts will be responsible for the payment of all matching benefit payments.

**6.00 Sanctions**

- 6.01 It shall be the responsibility of the high priority district to monitor the incentive bonus distribution in their district.
- 6.02 If a teacher receiving either a signing or a retention bonus voluntarily leaves the high priority district before the end of the three-year bonus pay period or if the teacher voluntarily leaves the high priority district during the school year, the district shall require the teacher to pay back the appropriate bonus amount.

Agency # 005

- 6.03 Upon receipt of the bonus payback from the teacher, the district shall forward the payment(s) to the Finance Section at the Department.

**6-17-1117. Health insurance.**

(a) Beginning on October 1, 2004, local school districts shall pay the health insurance contribution rate of one hundred thirty-one dollars (\$131) per month for each eligible employee electing to participate in the public school employee health insurance program.

(b)(1) The Department of Education shall pay the Employee Benefits Division of the Department of Finance and Administration sixty-one dollars (\$61.00) per month for each eligible employee of a public school district electing to participate in the public school employees' health insurance program administered by the State and Public School Life and Health Insurance Board.

(2) The funds provided to the division under this subsection shall be administered by the board for the benefit of the employee participants of the public school employees' health insurance program.

(3)(A)(i) In the event that appropriation or funding is not provided, the department shall not be responsible for the increased payments for the public school employee health insurance program as established by this section.

(ii) If funding and appropriation are provided but are inadequate for the total number of employees electing to participate in the public school employees' health insurance program, the department shall pay a proportional share on behalf of each participant.

(B) Notwithstanding the special language provision in the department's appropriation act granting transfer authority or any other law to the contrary, appropriation and funding provided for the purposes of this section shall not be transferred by the department for any other purpose.

(c)(1) A school district shall:

(A) Provide the same employer-provided health insurance benefits for all full-time school district employees; and

(B) Pay the same employer contribution rate for each eligible employee electing to participate in the public school employees' health insurance program.

(2) If a school district entered into a contract with a superintendent, teacher, or other personnel prior to April 11, 2006, and the contract provides for a higher employer contribution rate than is paid for a majority of the certified personnel in the district, then the district may continue to pay the higher contribution rate as provided under the existing contract but not under extensions, addendums, or new contracts created after April 11, 2006, without increasing all other employees to the same rate.

**History.** Acts 1995, No. 1194, § 14; 2001, No. 1745, § 1; 2005, No. 1842, § 1; 2006 (1st Ex. Sess.), No. 24, § 1; 2006 (1st Ex. Sess.), No. 25, § 1.



**19-5-1227. Educational Adequacy Fund.**

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a fund to be known as the "Educational Adequacy Fund".

(b) After the Treasurer of State has made deductions from the revenues under § 19-5-203(b)(2)(A), the Educational Adequacy Fund shall consist of:

(1) All net revenues collected due to enactments of the Eighty-Fourth General Assembly meeting in Second Extraordinary Session, unless a different distribution of those additional net revenues is otherwise provided in the act creating those additional net revenues;

(2) The revenues credited to the Educational Adequacy Fund under § 26-54-113(b)(2);

(3) The revenues generated by §§ 26-52-302(d), 26-53-107(d), 26-52-316, and 26-57-1002(d)(1)(A)(ii); and

(4) Other revenues as provided by law.

(c)(1) The Chief Fiscal Officer of the State will determine, from time to time, the amount of funds required from the Educational Adequacy Fund which, when added to other resources available to the Department of Education Public School Fund Account of the Public School Fund and the Department of Education Fund Account of the Education Fund, is needed to fulfill the financial obligation of the state to provide an adequate educational system as authorized by law and shall certify the amounts to the Treasurer of State.

(2) At the end of each month, the Treasurer of State shall transfer all moneys available from the Educational Adequacy Fund to the Department of Education Public School Fund Account of the Public School Fund and to the Department of Education Fund Account of the Education Fund until the sum of all transfers from the Educational Adequacy Fund equal the amounts determined in subdivision (c)(1) of this section, there to be used as determined by law.

(d) In the event the Chief Fiscal Officer of the State determines that the transfers from the Educational Adequacy Fund, when added to the other resources available to the Department of Education Public School Fund Account of the Public School Fund, are not sufficient to meet the state's financial obligation to provide an adequate educational system as authorized by law, the additional amount required shall be transferred from the other funds and fund accounts, except the Educational Facilities Partnership Fund Account, within §§ 19-5-402(a) and 19-5-404(a) based upon the proportion that each of the remaining fund and fund accounts, excluding the Educational Facilities Partnership Fund Account, bears to the total of the remaining funds and fund accounts in §§ 19-5-402(a) and 19-5-404(a).

**History.** Acts 2003 (2nd Ex. Sess.), No. 94, § 5; 2003 (2nd Ex. Sess.), No. 107, § 11; 2003 (2nd Ex. Sess.), No. 108, § 1; 2005, No. 2131, § 35; 2006 (1st Ex. Sess.), No. 20, § 10.

## Public School Employees - Actives

October 1, 2005 Self-Insured Premium Rates - Distributing HB1559 Contribution

	Total Monthly Premium	School Contribution	Rates Prior To HB 1559	HB1559 Contribution	Total Monthly Employee Cost	Dec-05 Employees
<b>Employee Only</b>						
BCBS PPO	\$371.08	(\$131.00)	\$240.08	(\$52.76)	\$187.32	5,462
NovaSys PPO	361.00	(131.00)	230.00	(52.76)	177.24	265
Health Advantage POS	312.76	(131.00)	181.76	(52.76)	129.00	3,106
NovaSys POS	303.28	(131.00)	172.28	(52.76)	119.52	854
QualChoice POS	324.28	(131.00)	193.28	(52.76)	140.52	1,724
Health Advantage HMO	303.38	(131.00)	172.38	(52.76)	119.62	15,255
NovaSys HMO	293.42	(131.00)	162.42	(52.76)	109.66	1,715
QualChoice HMO	306.22	(131.00)	175.22	(52.76)	122.46	2,432
High Deductible PPO	257.58	(131.00)	126.58	(52.76)	73.82	386
<b>Employee &amp; Spouse</b>						
BCBS PPO	\$997.54	(\$131.00)	\$866.54	(\$93.80)	\$772.74	455
NovaSys PPO	987.46	(131.00)	856.46	(93.80)	762.66	17
Health Advantage POS	834.78	(131.00)	703.78	(93.80)	609.98	222
NovaSys POS	825.30	(131.00)	694.30	(93.80)	600.50	40
QualChoice POS	866.88	(131.00)	735.88	(93.80)	642.08	83
Health Advantage HMO	808.66	(131.00)	677.66	(93.80)	583.86	1,068
NovaSys HMO	798.70	(131.00)	667.70	(93.80)	573.90	111
QualChoice HMO	816.50	(131.00)	685.50	(93.80)	591.70	100
High Deductible PPO	669.38	(131.00)	538.38	(93.80)	444.58	61
<b>Employee &amp; Child(ren)</b>						
BCBS PPO	\$647.26	(\$131.00)	\$516.26	(\$71.86)	\$444.40	648
NovaSys PPO	637.20	(131.00)	506.20	(71.86)	434.34	32
Health Advantage POS	542.24	(131.00)	411.24	(71.86)	339.38	708
NovaSys POS	532.78	(131.00)	401.78	(71.86)	329.92	163
QualChoice POS	563.02	(131.00)	432.02	(71.86)	360.16	326
Health Advantage HMO	525.42	(131.00)	394.42	(71.86)	322.56	3,187
NovaSys HMO	515.44	(131.00)	384.44	(71.86)	312.58	381
QualChoice HMO	530.44	(131.00)	399.44	(71.86)	327.58	441
High Deductible PPO	437.70	(131.00)	306.70	(71.86)	234.84	54
<b>Employee &amp; Family</b>						
BCBS PPO	\$1,006.74	(\$131.00)	\$875.74	(\$97.14)	\$778.60	381
NovaSys PPO	996.66	(131.00)	865.66	(97.14)	768.52	25
Health Advantage POS	843.42	(131.00)	712.42	(97.14)	615.28	357
NovaSys POS	833.94	(131.00)	702.94	(97.14)	605.80	67
QualChoice POS	875.66	(131.00)	744.66	(97.14)	647.52	110
Health Advantage HMO	817.22	(131.00)	686.22	(97.14)	589.08	1,533
NovaSys HMO	807.26	(131.00)	676.26	(97.14)	579.12	212
QualChoice HMO	825.08	(131.00)	694.08	(97.14)	596.94	175
High Deductible PPO	676.26	(131.00)	545.26	(97.14)	448.12	62
Monthly Basis	\$17,417,766	(\$5,530,558)	\$11,887,208	(\$2,559,077)	\$9,328,131	42,218
Annual Basis	\$209,013,191	(\$66,366,696)	\$142,646,495	(\$30,708,928)	\$111,937,567	