

As Engrossed: 3/27/95 3/28/95 4/4/95

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**

A Bill

ACT 917 OF 1995
HOUSE BILL 2145

4 **By: Representatives Thicksten, McGinnis, Bisbee, J. Miller, Cunningham, M. Wilson,**
5 **Pollan, Wilkins, Northcutt and Townsend**

For An Act To Be Entitled

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8
9 *"AN ACT TO PRESERVE THE LOCAL GOVERNANCE OF SCHOOLS AND TO*
10 *PROVIDE FOR EQUITABLE FUNDING AND SIMPLE DISTRIBUTION OF*
11 *FUNDS FOR PUBLIC SCHOOL FINANCING; AND FOR OTHER*
12 *PURPOSES."*

Subtitle

13
14
15 *"TO PRESERVE THE LOCAL GOVERNANCE OF*
16 *SCHOOLS AND PROVIDE FOR EQUITABLE*
17 *FUNDING AND SIMPLE DISTRIBUTION OF FUNDS*
18 *FOR PUBLIC SCHOOL FINANCING."*

19
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21
22 *SECTION 1. This act shall be known as "The Equitable School Finance*
23 *System Act of 1995".*

24
25 *SECTION 2. Legislative findings.*

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

32 *(b) The General Assembly acknowledges that the present system of school*
33 *district organization, when combined with the constraints imposed by*
34 *Amendments 40 and 59 to the Arkansas Constitution, has resulted in wide*
35 *variances in the burden imposed on taxpayers for the financial support of*
36 *public education, as follows:*

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1 (1) The total tax rates among school districts and respective
2 burdens on local taxpayers range from a low of twenty-one and three tenths
3 (21.3) mills of assessed value to a high of fifty-eight and four tenths (58.4)
4 mills of assessed value and, for taxes used solely for operation and
5 maintenance, from a low of four (4) mills of assessed value to a high of
6 fifty-six and four tenths (56.4) mills of assessed value;

7 (2) Each one (1) mill of tax levied against real and personal
8 property provides as little as two thousand two hundred and seventy-three
9 dollars (\$2,273) of revenue in the district with the lowest value of assessed
10 property and as much as one million six hundred seventeen thousand five
11 hundred and sixteen dollars (\$1,617,516) of revenue in the district with the
12 highest value of assessed property;

13 (3) The total local funding provided to students of the various
14 school districts from local millage varies from a low of three hundred
15 forty-one dollars (\$341) per student to a high of six thousand six hundred
16 eighty-five dollars (\$6,685) per student and total state and local funding
17 ranges from a low of one thousand eight hundred ninety one dollars (\$1,891)
18 per student to eight thousand six hundred ninety six dollars (\$8,696) per
19 student. The local funding used solely for maintenance and operations varies
20 from a low of seventy seven dollars (\$77.00) per student to a high of five
21 thousand one hundred and twenty three (\$5,123) per student;

22 (4) The number of students in kindergarten through grade twelve
23 ranges from as few as ninety-five (95) students in the smallest district to as
24 many as twenty-four thousand one hundred sixty-six (24,166) in the largest
25 district;

26 (5) The median number of students per district is seven hundred
27 forty (740) and the average number of students per district is one thousand
28 four hundred (1,400);

29 (6) The ratio among the districts of teachers to students ranges
30 from one-to-seven (1 - 7) to one-to-eighteen (1 - 18);

31 (7) The ratio among the districts of administrators to teachers
32 ranges from one-to-seven (1 - 7) to over one-to-twenty-nine (1 - 29);

33 (c) The General Assembly finds that the State is presently paying
34 sixty-two percent (62%) of the combined state, local and federal expenditures
35 for public schools; that the State's expenditure of one billion three hundred

1 million dollars (\$1,300,000,000) in funds during the 1994-95 fiscal year for
2 the public schools is forty-eight percent (48%) of the total net state general
3 revenues; and that the percentage of state expenditures for public schools
4 will continue to rise unless taxpayers at the local level share the burden
5 more equally.

6 (d) The General Assembly finds that the present formula for disbursing
7 state support to public schools punishes the students of a district or the
8 taxpayers of the state when local voters refuse to support their local
9 schools.

10 (e) The General Assembly finds that it has not previously provided a
11 legislative interpretation of the constitutional mandate that the State
12 maintain a general, suitable and efficient system of free public schools, and
13 it is the intent of this act to provide such interpretation of the
14 constitutional language.

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

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

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

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

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

32 (4) Assure that all students graduating from high school are able
33 to demonstrate a defined minimum level of competence in English communications
34 (oral, reading and writing), mathematics skills, and science and social
35 studies disciplines and that such minimum level of competence evolves over

1 time to higher levels;

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

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

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

12 (8) Encourage parental involvement in the public schools and
13 public school activities; and

14 (9) Recognize that public schools must provide a safe,
15 disciplined and drug free environment for students and teachers.

16 (10) Avoid disproportionate variances among school districts in
17 the financial support burden imposed on taxpayers;

18 (11) Avoid unnecessary duplication of administrative and
19 operational expenses;

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

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

25 (h) The General Assembly recognizes that Amendment 40 to the Arkansas
26 Constitution allows local school boards to propose their own property taxes.
27 Since the assessed valuation of property varies across the districts, the
28 existing school districts have access to different amounts of local money to
29 expend on public education. The General Assembly finds that such variations
30 in local wealth have contributed to the court's finding that the Arkansas
31 school funding is unconstitutional.

32 (i) The General Assembly acknowledges that the Arkansas Constitution
33 requires the State to provide a general, suitable and efficient system of free
34 public schools. Such obligation has been held by the Arkansas courts to be a
35 paramount duty of the State despite a local school board's ability to propose

1 its own property tax rate.

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

5 (k) The State has a limited pool of resources to provide a general,
6 suitable and efficient system of free public schools.

7 (l) The State recognizes the importance of local decision making in the
8 education process.

9 (m) The State recognizes its obligation to implement a constitutional
10 system of school finance by November 1996.

11

12 SECTION 3. School Funding.

13 (a) Beginning with the 1996-97 school year, the Department of Education
14 shall provide from available funds, the following school funding categories in
15 the priority listed to Local School Districts:

16 (1) Category 1. State Equalization Funding Per Student;

17 (2) Category 2. Student Classroom Teacher Funding;

18 (3) Category 3. Student Unit Funding; and

19 (4) Category 4. Student Needs Funding.

20 However, no subsequent category of funding shall receive any funding until
21 each prior Category is fully funded. If any category of funding, excluding
22 category 1, is only partially funded, each Local School District shall receive
23 a pro rata share.

24 (b) Beginning with the 1996-97 school year, General Facilities funding,
25 Growth Facilities Funding, Isolated Funding and Student Growth shall be
26 provided to Local School Districts from available funds in a line item
27 appropriation within the Public School Fund.

28 (c) Beginning with the 1996-97 school year, the state shall provide
29 from available funds a Debt Service Funding Supplement to qualifying local
30 school districts for the purpose of reducing debt service burdens voted by the
31 September 1994 school election, or a special school election ordered by a
32 federal court and held before February 22, 1995, and increasing the amount of
33 local revenue available for maintenance and operations expenditures. As
34 future money is made available for Debt Service Funding, priority will be
35 given to Local School Districts which meet need assessment guidelines of the

1 State Department of Education and which did not receive the debt Service
2 Funding Supplement during the 1996-97 school year.

3 (d) The Legislative intent is to continue providing a Debt Service
4 Funding Supplement to qualifying Local School Districts through available
5 funds in a line item appropriation within the Public School Fund and as
6 existing debt obligations decrease to transfer at least the amount of funding
7 provided during the 1996-97 school year to line item appropriations for
8 General Facilities Funding and Growth Facilities Funding.

9 (e) After determining the amount of State Equalization Funding, Student
10 Classroom Teaching Funding, Student Unit Funding, Vocational Funding, General
11 Facilities Funding, and Student Growth Funding available to each Local School
12 District, the Department of Education shall provide any additional state
13 funding necessary to ensure that the Total State And Local Revenue per ADM of
14 each Local School District is no less than the Minimum State and Local Revenue
15 per ADM.

16 (f) Local School Districts may not use Student Classroom Teacher
17 Funding to compensate anyone other than Classroom Teachers.

18 (g) A Local School District may only use General Facilities Funding for
19 purchase of school buses, furniture, equipment, computer software or
20 renovation or repairs of existing facilities.

21 (h) A Local School District may only use Growth Facilities Funding for
22 capital outlay which means for the acquisition of land or a school site and
23 construction of new school facilities.

24 (i) Local School Districts may expend category 1 funds for student
25 classroom teacher funding, student unit funding and student needs funding.

26 (j) Local School Districts must expend the following amounts of money
27 from funds distributed in section (a) above and from local revenues:

28 (1) Local School Districts shall expend at least one thousand
29 five hundred forty-eight dollars and fifty-nine cents (\$1,548.59) per ADM for
30 Classroom Teacher salaries.

31 (2) Local School Districts shall expend state and local revenues
32 on students evaluated as special education students in accordance with
33 existing federal and state laws and Department regulations as such laws and
34 regulations shall be amended from time to time and based on the following
35 criteria:

1 (A) Calculate a three-year average percentage not to exceed
2 twelve and one-half percent (12.5%), based on the three (3) immediately
3 preceding December 1 counts of students in special education; and

4 (B) Multiply the three-year average percentage not to
5 exceed twelve and one-half percent (12.5%) times the average daily membership
6 and multiply the result times sixty-four hundredths (.64) times the Base Local
7 Revenue Per Student.

8 (3) Local School Districts shall expend from state and local
9 revenues not less than the following amounts on Vocational Education students
10 in accordance with rules and regulations promulgated by the State Board of
11 Education: The previous year's ADM participating in vocational education
12 programs multiplied by thirty-four hundredths (.34) times the Base Local
13 Revenue Per Student. Participating Local School Districts shall transfer to
14 approved vocational centers all funds that districts have previously
15 transferred to such centers on an ADM basis.

16 (4) Local School Districts shall expend from state and local
17 revenues not less than the following amounts on Alternative Education Programs
18 in accordance with rules and regulations promulgated by the State Board of
19 Education: The previous year's ADM participating in alternative education, up
20 to two percent (2%) of the previous year's ADM, multiplied by fifteen
21 hundredths (.15) times the Base Local Revenue Per Student.

22 (5) Local School Districts shall expend from state and local
23 revenues not less than the following amounts on gifted and talented programs
24 in accordance with rules and regulations promulgated by the State Board of
25 Education: the previous year's ADM participating in gifted and talented
26 programs, up to five percent (5%) of the previous year's ADM, multiplied by
27 fifteen hundredths (.15) times the Base Local Revenue Per Student.

28 (k) For the 1995-96 school year, if a Local School District fails to
29 levy at the September 1995 annual school election a Base Millage, exclusive of
30 millage used to service debt, the Local School District shall not expend funds
31 for school construction not under contract as of February 22, 1995.

32

33 SECTION 4. Definitions.

34 As used in this act, unless the context otherwise requires:

35 (a) Alternative Education Program: An intervention program, in

1 compliance with Ark. Code Ann. §§ 6-18-508 and 6-18-509, that seeks to
2 eliminate traditional barriers to learning for students and includes a
3 component for the education of gifted and talented students.

4 (b) *At-Risk Funding:* Financial aid provided to Local School Districts
5 based upon the number of students with low test scores, the number of children
6 receiving free or reduced price lunches, the number of households below the
7 poverty level, or the number of children with limited English proficiency.

8 (c) *Average Daily Membership (ADM):* The total number of days attended
9 plus the total number of days absent by students in grades kindergarten
10 through twelve (K-12) during the first three (3) quarters of each school year,
11 divided by the number of school days actually taught in the district during
12 that period of time rounded up to the nearest hundredth.

13 (d) *Base Local Revenue Per Student:* If Category 1 is fully funded, the
14 local revenue per student in the Local School District with the highest amount
15 of Local Revenue Per Student. If Category 1 is not fully funded, the Revenue
16 Per Student to which the state equalizes calculated by taking the sum of:

17 (1) The total available state aid for State Equalization Funding
18 per student;

19 (2) Ninety-eight percent (98%) of the Base Millage times the
20 total state assessed valuation; and

21 (3) Seventy-five percent (75%) of Miscellaneous Funds collected
22 in the previous year; and
23 by dividing the sum by the total state ADM.

24 (e) *Base Millage:* Twenty-five (25) mills.

25 (f) *Classroom Teacher:* An individual required to hold a teaching
26 license from the State Department of Education and who is engaged directly in
27 instruction with students in a classroom setting for more than seventy percent
28 (70%) of the individual's contracted time, or a guidance counselor, or a
29 librarian.

30 (g) *Debt Service Funding Supplement:* the state financial aid provided
31 to qualifying local school districts for the purpose of reducing existing debt
32 service burdens and increasing the amount of local revenue available for
33 maintenance and operations expenditures and calculated as follows: for each
34 mill required to meet the annual debt service expenditure obligation, the
35 local school may be provided up to fifteen dollars (\$15.00) per ADM times the

1 difference of one minus the ratio of the district's Local Revenue Per Student
2 and State Equalization Funding Per Student. Beginning with the 1997-98 school
3 year, the funding per ADM may be increased by one dollar (\$1.00) each year.

4 (h) Equalized Local Revenue Per Student: In each Local School
5 District the amount equal to the sum of Local Revenue Per Student and State
6 Equalization Funding Per Student.

7 (i) General Facility Funding: The state financial aid provided to each
8 Local School District, voting the Base Millage, from funds made available for
9 that purpose based on a facilities needs assessment justification approved by
10 the State Department of Education, and calculated as follows: The Local
11 School District may be provided up to thirty-five dollars (\$35.00) multiplied
12 by the Local School District's ADM for the previous year multiplied by the
13 difference between one (1) minus the ratio of the Local Revenue Per Student
14 and State Equalization Funding Per Student.

15 (j) Growth Facility Funding: The state financial aid provided to each
16 Local School District from funds made available for that purpose, based upon a
17 facilities needs assessment justification approved by the State Department of
18 Education, and calculated as follows: Each Local School District whose
19 student growth from the previous year to the first quarter of the current year
20 exceeds the state average ADM growth may receive an amount up to such ADM
21 growth in the Local School District times the ratio of the total funds
22 available for allocation divided by the state's gross increase in ADM.

23 (k) Incentive Millage: The millage rate which may be levied by a Local
24 School District to obtain Incentive Revenue.

25 (l) Incentive Revenue: The amount of revenue, not to exceed one
26 hundred twenty-five percent (125%) multiplied times the Base Local Revenue Per
27 Student.

28 (m) Isolated Funding: The state financial aid provided to qualifying
29 Local School Districts from funds made available for that purpose and
30 calculated as follows:

31
$$\frac{(350 - \text{Previous year's ADM})}{850} \text{ Previous year's ADM times}$$

32 the Base Local Revenue Per Student.

33 (n) Local Revenue Per Student: In each year ninety-eight percent (98%)
34 of the amount of revenue available, whether or not collected, in a Local
35

1 School District, solely from the levy of the Base Millage plus seventy-five
2 percent (75%) of the Miscellaneous Funds collected in the previous year
3 divided by the ADM of such Local School District for the previous year.

4 (o) Local School District: A class of school district which conducts
5 the daily affairs of public schools pursuant to the supervisory authority
6 vested in them by the General Assembly.

7 (p) Local School District at the ninety-fifth (95th) percentile: When
8 ranking districts in descending order by the Total State and Local revenue Per
9 ADM, the district which falls at the ninety-fifth (95th) percentile of the
10 total number of pupils in attendance in the schools of this state, as
11 described by 34 C.F.R. 222.63 [1994].

12 (q) Minimum State and Local Revenue per ADM: An amount no less than
13 eighty percent (80%) of the Total State and Local Revenue Per ADM of the Local
14 School District at the ninety-fifth (95th) percentile.

15 (r) Miscellaneous Funds: Those funds received by a Local School
16 District from federal forest reserves, federal grazing rights, federal mineral
17 rights, federal impact aid, federal flood control, wildlife refuge funds,
18 severance taxes and funds received by the district in lieu of taxes.

19 (s) State Equalization Funding Per Student: The amount of state
20 financial aid per ADM provided to each Local School District calculated by
21 subtracting the Local Revenue Per Student from the Base Local Revenue Per
22 Student.

23 (t) Student Classroom Teacher Funding: The state financial aid
24 provided to each Local School District calculated as an amount equal to one
25 hundred twelve percent (112%) times one thousand six hundred and thirty-three
26 dollars (\$1,633) per Average Daily Membership.

27 (u) Student Growth Funding: The amount of state financial aid provided
28 to each Local School District not later than December 30th of each year from
29 the funds made available for that purpose, calculated as the sum of:

30 (1) The Base Local Revenue Per Student multiplied by forty
31 hundredths (.40) times the increase, if any, in such Local School District's
32 ADM for the first quarter of the current year over the Local School District's
33 ADM for the previous year; and

34 (2) The increase, if any, in such Local School District's ADM for
35 the first quarter of the current year over the Local School District's ADM for

1 the previous year multiplied by fifteen hundred dollars (\$1,500) per ADM.

2 (v) *Student Needs Funding:* The amount of state financial aid provided
3 to each Local School District from available Special Education funding,
4 Vocational Education funding, At-Risk funding, Isolated funding, and
5 Transportation Aid pursuant to rules and regulations promulgated by the State
6 Board of Education.

7 (w) *Student Unit Funding:* The state financial aid provided to each
8 Local School District calculated as follows: by dividing the total funds
9 available for textbook aid, alternative education including gifted and
10 talented education programs, restructuring and staff development by the total
11 State ADM for the previous year and multiplying by such Local School
12 District's ADM for the previous year.

13 (x) *Total State and Local Revenue Per ADM:* In each Local School
14 District, the amount calculated by taking the sum of:

15 (1) *The Local School District's maintenance and operations*
16 *millage times ninety-eight percent (98%) of the district's assessed valuation;*
17 *and*

18 (2) *The Local School District's debt service mills not required*
19 *to pay off debt times ninety-eight percent (98%) of the district's assessed*
20 *valuation; and*

21 (3) *The Local School District's current expenditure mills times*
22 *ninety-eight percent (98%) of the district's assessed valuation; and*

23 (4) *State Equalization Funding, Student Classroom Teacher*
24 *Funding, Student Unit Funding, Vocational Funding, General Facilities Funding,*
25 *and Student Growth Funding available to such Local School District; and*
26 *by dividing by the ADM of the Local School District.*

27

28 SECTION 5. *Local school districts.*

29 (a) *Beginning with the 1995-96 school year, each local school district*
30 *shall prepare an annual certified audit of the financial condition and*
31 *transactions of the Local School District as of June 30 of each year in*
32 *accordance with generally accepted accounting practices and containing any*
33 *other data as determined by the State Board of Education.*

34 (b) *Nothing in this legislation shall be construed to authorize, permit*
35 *or require consolidation of any school district.*

1 (c) If the enactment of the Equitable School Finance Act of 1995
2 creates an unanticipated adverse impact or an unexpected fiscal crisis for any
3 Local School District, the Local School District may appeal to the State Board
4 of Education and the State Board of Education may award the Local School
5 district financial relief from available funds provided for this purpose.
6

7 SECTION 6. State Board of Education and Department of Education.

8 (a) The State Board of Education pursuant to the Quality Education Act
9 of 1983 shall review and revise the Arkansas Minimum Standards for
10 Accreditation to assure a general, suitable and efficient system of public
11 education in the State.

12 (b) The State Board of Education shall submit proposed revisions to the
13 Standards to the Joint Interim Committee on Education on or before November
14 30, 1995.

15 (c) The State Board of Education shall devise a process for involving
16 teachers, school administrators, school boards, and parents in the definition
17 of an "adequate" education for Arkansas students.

18 (d) The State Board shall seek public guidance in defining an adequate
19 education and shall submit proposed legislation defining adequacy to the Joint
20 Interim Committee on Education prior to December 31, 1996.

21 (e) The State Board of Education shall promulgate rules and regulations
22 to evaluate each local school district's fiscal solvency and to address any
23 fiscal shortcomings of a local school district.

24 (f) The Department of Education in consultation with State Building
25 Services shall conduct a facilities needs assessment of each Local School
26 district in this state and file a written report with the Joint Interim
27 Committee on Education by December 31, 1996.

28

29 SECTION 7. Enforcement Mechanisms Beginning July 1, 1996.

30 (a) If the Department of Education determines that a Local School
31 District has failed to levy at least the Base Millage, the Director of the
32 Department of Education shall so certify to the State Treasurer, the State
33 Auditor, and the Chief Fiscal Officer of the State. Upon such certification
34 the State Treasurer, the State Auditor, and the Chief Fiscal Officer of the
35 State shall transfer on their books and the State Treasurer shall cause to be

1 transferred from such sources as are enumerated herein, to the Public School
2 Fund created by Ark. Code Ann. § 19-5-305 an amount which, when combined with
3 the revenues produced by the millage actually levied by the Local School
4 District, provides the same amount of revenues as would have been produced by
5 levying the Base Millage in the Local School District. Such transfer shall be
6 made from and shall not exceed the funded amounts available from the following
7 sources that would otherwise be distributed to the counties and municipalities
8 within which the Local School District is located:

9 (1) The monthly distribution of County Aid provided for under
10 Ark. Code Ann. § 19-5-602(b) derived from the revenues provided in Ark. Code
11 Ann. § 19-5-602(a).

12 (2) The monthly distribution of Municipal Aid provided for in
13 Ark. Code Ann. § 19-5-601(b) derived from the revenues provided in Ark. Code
14 Ann. § 19-5-601(a).

15 (3) Such funds as may be provided by appropriations of the
16 General Assembly for County Jail/Medical Reimbursements under the provisions
17 of Ark. Code Ann. § 12-27-114 et seq.

18 (b) The Department of Education shall distribute any funds transferred
19 pursuant to subsection (a) of this section to the Local School District that
20 failed to levy the Base Millage in a fashion that, when combined with the
21 revenues produced by the millage available for maintenance and operations
22 actually levied by the Local School District, provides the same amount of
23 revenues as would have been provided by levying the Base Millage in the Local
24 School District.

25 (c) For purposes of this section, a Local School District located in
26 two or more counties shall be considered located within the county,
27 municipality or political subdivision within which resides the greater number
28 of registered voters of the Local School District.

29 (d) If the Department of Education determines that a Local School
30 District has levied a millage in excess of the Incentive Millage, the Director
31 of the Department of Education shall withhold from any available funds
32 otherwise distributable to the Local School District under this act an amount
33 equal to the revenues in excess of the Incentive Revenues. This subsection
34 shall not apply to the extent such application would violate any federal court
35 order or to the extent such application would harm a district in fiscal

1 distress.

2 (e) For purposes of determining whether a Local School District has
3 levied a millage in excess of the Incentive Millage, millage used to service
4 debt shall not be included.

5 (f) For purposes of determining whether a Local School District has
6 voted the Base Millage, millage used to service debt shall not be included.
7 However, this section shall not apply to any district which has a Local
8 Revenue Per Student in excess of the Base Local Revenue Per Student.

9 (g) This section shall be effective on or after July 1, 1996, except as
10 specifically otherwise provided.

11

12 SECTION 8. Arkansas Code Annotated § 6-17-1001 shall be amended to read
13 as follows:

14 "6-17-1001. Minimum base salary - Master_s degree.

15 (a) The board of directors in each school district in the state shall
16 pay their teachers upon a salary schedule which has annual increments for
17 education and experience and which provides for a base salary, a minimum
18 salary for a teacher with a master_s degree, and at least fourteen (14) years
19 of experience as described herein.

20 (b) In school year 1996-97 and each school year thereafter, no school
21 district shall pay its teachers with a bachelor_s degree and no experience
22 less than twenty thousand dollars (\$20,000).

23 (c) In school year 1996-97 and each school year thereafter, school
24 districts shall pay teachers with a master_s degree and no experience at least
25 one hundred fifteen percent (115%) of the minimum base salary prescribed in
26 subsection (b) of this section.

27 (d) In school year 1997-98, school districts shall pay a teacher with a
28 master_s degree and at least fourteen (14) years of experience one hundred
29 fifty percent (150%) of the state minimum base salary.

30 (e) (1) In school year 1995-96 and each school year thereafter, each
31 school district in the state shall have in place a salary schedule which
32 provides at least fourteen (14) annual increments for experience.

33 (2) The minimum levels of compensation required by this section
34 are as follows:

35	Years Experience	BA Degree Salary	MA Degree Salary
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1	0	\$20,000	\$23,000
2	1	\$20,400	\$23,400
3	2	\$20,800	\$23,800
4	3	\$21,200	\$24,200
5	4	\$21,600	\$24,600
6	5	\$22,000	\$25,000
7	6	\$22,400	\$25,400
8	7	\$22,800	\$25,800
9	8	\$23,200	\$26,200
10	9	\$23,600	\$26,600
11	10	\$24,000	\$27,000
12	11	\$24,400	\$27,400
13	12	\$24,800	\$27,800
14	13	\$25,200	\$28,200
15	14 or more	\$25,600	\$30,000

16 (f) For the 1997-98 school year and each year thereafter, each school
17 district shall provide no less than four hundred dollar (\$400) increments for
18 experience for teachers with one (1) and two (2) years of experience.

19 (g) For the 1998-99 school year and each year thereafter, each school
20 district shall provide no less than four hundred dollar (\$400) increments for
21 experience for teachers with three (3) and four (4) years of experience.

22 (h) For the 1999-2000 school year and each year thereafter, each school
23 district shall provide no less than four hundred dollar (\$400) increments for
24 experience for teachers with five (5) and six (6) years of experience.

25 (i) For the 2000-01 school year and each year thereafter, each school
26 district shall provide no less than four hundred dollar (\$400) increments for
27 experience for teachers with seven (7) and eight years experience.

28 (j) For the 2001-02 school year and each year thereafter, each school
29 district shall provide no less than four hundred dollar (\$400) increments for
30 experience for teachers with nine (9) and ten (10) years experience.

31 (k) For the 2002-03 school year and each year thereafter, each school
32 district shall provide no less than four hundred dollar (\$400) increments for
33 experience for teachers with eleven (11) and twelve (12) years experience.

34 (l) For the 2003-04 school year and each year thereafter, each school
35 district shall provide no less than four hundred dollar (\$400) increments for

1 experience for teachers with thirteen (13) years of experience.

2 (m) Subsections (f) through (l) of this section shall not apply to any
3 Local School District whose minimum salary for teachers exceeds twenty
4 thousand dollars (\$20,000) and whose average salary exceeds the state average
5 salary for teachers for the previous year.

6 (n) The term 'teacher' as used in this section shall include any
7 full-time employee of a local public school district who is compelled by law
8 to secure a license from the State Board of Education as a condition precedent
9 to employment in a position in or related to grades pre-kindergarten through
10 twelve (12) of the public schools of this state.

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

15 (p) A district which determines that it cannot meet the minimum salary
16 requirements of this section from funds available may petition the Department
17 of Education for a waiver of the requirements of this section for up to two
18 (2) school years, based on regulations promulgated by the State Board of
19 Education. The State Department of Education shall not grant a waiver to any
20 district which is not in compliance with the Base Millage requirements."
21

22 SECTION 9. Arkansas Code Annotated 26-80-110 shall be amended to read
23 as follows:

24 "26-80-110. Current Expenditures Tax.

25 (a) (1) The board of directors of each Local School District is
26 authorized, upon approval of a majority of the qualified voters in the school
27 district voting in the annual school election, to levy and collect a tax not
28 to exceed five percent (5%) of a school district's current expenses or three
29 (3) mills, whichever is less, upon real and personal property for current
30 expenditures of the Local School District.

31 (2) The approved tax shall be assessed, levied, and collected as
32 provided by law for other school taxes.

33 (b) Any funds received from the collection of a current expenditures
34 tax shall only be used for the following purposes:

35 (1) Purchase of school buses;

1 (2) Purchase of furniture or equipment to support the
2 instructional program;

3 (3) Purchase of computer software;

4 (4) Renovation or repair of existing facilities; or

5 (5) Repaying revolving loans for any of the purposes previously
6 listed.

7 (c) Local School Districts which have levied a capital outlay tax prior
8 to the amendment of this section are authorized to continue such levies for
9 the terms and purposes approved by the majority of voters at the time of their
10 adoption.

11 (d) Any levy of a current expenditures tax proposed subsequent to the
12 adoption of this section shall be limited as set forth in subsection (b) of
13 this section and, when combined with capital outlay levies approved prior to
14 the adoption of this section and still in effect, shall not exceed five
15 percent (5%) of current expense or three (3) mills, whichever is less."

16

17 SECTION 10. Facilities funding for the 1995-96 school year.

18 (a) For the 1995-96 school year, the Department of Education shall
19 provide General Facilities Funding to Local School Districts from available
20 revenues within a line item appropriation in the Public School Fund based upon
21 the following formula:

22 An amount up to thirty-five dollars (\$35.00) per ADM times the
23 difference between one (1) minus the ratio of the local resource rate and the
24 table rate.

25 (b) For purposes of subsection (a), the local resource rate, the state
26 base equalization rate, and the table rate shall be determined using a charge
27 of eighteen (18) mills.

28 (c) A Local School District may only use General Facilities Funding for
29 the purchase of school buses, furniture, equipment, computer software, or
30 renovation or repairs of existing facilities.

31 (d) For the 1995-96 school year, the Department of Education shall
32 provide Growth Facilities Funding to Local School Districts from available
33 revenues within a line item appropriation in the Public School Fund.

34 (e) A Local School District may only use Growth Facilities funding for
35 capital outlay which means for the acquisition of land or a school site and

1 construction of new school facilities.

2

3 SECTION 11. At-Risk Funding for the 1995-96 school year.

4 (a) For the 1995-96 school year, the Department of Education shall
5 provide At-Risk Funding to Local School Districts from available revenues
6 within a line item appropriation in the Public School fund.

7 (b) The State Board of Education shall promulgate rules and regulations
8 for the disbursement of available funds and shall take into account the
9 following types of At-Risk programs:

10 (1) Compensatory education;

11 (2) Alternative learning programs;

12 (3) ACT and summer school remediation;

13 (4) Programs for students with limited English proficiency; and

14 (5) Classroom management training for faculty.

15

16 SECTION 12. 1995-96 Growth Funding.

17 For the 1995-96 school year, the distribution of growth funding shall
18 not raise the charge specified in Ark. Code Ann. § 6-20-306.

19

20 SECTION 13. Miscellaneous.

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

24

25 SECTION 14. Liberal Construction.

26 All general provisions, terms, phrases and expressions used in this Act
27 or any related provisions of the Arkansas Code of 1987 Annotated shall be
28 liberally construed so as to effectuate its purposes.

29

30 SECTION 15. Specific Repealer.

31 (a) Effective July 1, 1995, § 6-20-320 of the Arkansas Code Annotated
32 is hereby repealed.

33 (b) Effective July 1, 1996, the following sections of the Arkansas Code
34 Annotated are hereby repealed: §§ 6-15-205, 6-20-301 through 318, 6-20-
35 319(4)(A), (i), and (ii), 6-20-319(4)(C), 6-20-321, and 6-20-601 through 604.

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SECTION 16. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 17. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 18. All laws and parts of laws in conflict with this act are hereby repealed.

/s/Rep. Thicksten, et al

APPROVED: 4-5-95