

Hall of the House of Representatives
85th General Assembly - Regular Session, 2005
Amendment Form

Subtitle of House Bill No. 2767

"AN ACT TO PROVIDE FOR AN AMOUNT OF PER STUDENT EXPENDITURE."

Amendment No. 1 to House Bill No. 2767.

Amend House Bill No. 2767 as originally introduced:

Delete the title in its entirety and substitute the following:

"AN ACT TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF 2003; AND FOR OTHER PURPOSES."

AND

Delete the subtitle in its entirety and substitute the following:

"AN ACT TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF 2003."

AND

Delete everything after the enacting clause and substitute the following:

"SECTION 1. Arkansas Code § 6-20-2303 is amended to read as follows:
6-20-2303. Definitions.

As used in this subchapter:

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

(2)(A) "Alternative learning environment" means a student intervention program in compliance with §§ 6-18-508 and 6-18-509 that seeks to eliminate traditional barriers to learning for students.

(B) The State Board of Education shall promulgate rules that explicate not only which alternative learning environment programs shall qualify for funding, but also the characteristics of students who qualify for funding because they have been placed in an alternative learning environment program;

(3)(A) "Average daily membership" means the total number of days of school attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three (3) quarters of each school year divided by the number of school days actually taught in the



school district during that period of time rounded up to the nearest hundredth.

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

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

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

(ii) Legally transferred students living outside the school district but attending a public school in the school district under a provision of the Arkansas Code; and

(iii) Students who are eligible to attend and reside within the boundaries of a school district and who are enrolled in the Arkansas National Guard Youth Challenge Program, so long as the students are participants in the program;.

(D)(i) Except for those circumstances otherwise allowed by law or rule, any student who is absent from daily attendance for more than ten (10) consecutive school days shall be dropped from the attendance records of the school, school district, or open-enrollment charter school.

(ii) Any student who fails to attend school by the tenth regular school day of the semester shall be retroactively dropped from the first day of the school semester.

(E)(i) Except as otherwise provided by law, a public school district or open-enrollment charter school that teaches a distance learning course to one (1) or more home school or private school students shall be eligible for an amount equal to one-sixth (1/6) of the state foundation funding amount per distance learning course for each private school student or home school student who is:

(a) Residing within the school district where the public school or open-enrollment charter school is located; and

(b) Physically attending the distance learning course or courses on the campus of the public school district or open-enrollment charter school.

(ii) However, under no circumstances shall a public school district or open-enrollment charter school be entitled to more than the equivalent of state foundation funding for one (1) average daily membership regardless of the number of distance learning courses received by a particular home school or private school student;

(4) "Classroom 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;

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

~~(6)~~(5) "English language learners" means students identified by the State Board of Education as not proficient in the English language based upon approved English proficiency assessment instruments administered annually in the fall of the current school year, which assessments measure oral, reading, and writing proficiency;

~~(7)~~(6) "Foundation funding" means an amount of money specified by the General Assembly for each school year to be expended by school districts for the provisions of an adequate education for each student;

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

~~(9)~~(7) "Gifted and talented programs" means academic curricula, courses, and options designed to improve educational opportunities for gifted and talented students pursuant to guidelines adopted by the State Board of Education in accordance with § 6-42-106;

~~(10)~~(8) "Gifted and talented students" means those students who have been identified as meeting the criteria of the gifted program approval standards established by the State Board of Education;

~~(11)~~(9) "Legal revenues" means the revenues of a school district, including current balances, unrestricted state and local funding for the current school year, proceeds from a revolving loan pursuant to § 6-20-801 et seq., proceeds from commercial bonds pursuant to § 6-20-1201 et seq., and proceeds from funds received pursuant to § 6-20-402; those revenues received or cash balances carried forward by a school district and used to make payments from:

(A) The teacher's salary fund, which means the set of accounts used to record the receipts and expenditures for payment of salaries for certified personnel, certified substitutes, tuition, and fringe benefits as defined by § 6-17-908. Certified personnel salaries from federal programs are excluded;

(B) The operating fund, which means the set of accounts used to record the receipts and expenditures for current operating expenses other than those that relate to the purposes set out for other funds; and

(C) The debt service fund, which means the set of accounts used to record local tax receipts and expenditures for the retirement of commercially bonded debt;

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

~~(13)~~(10) "Millage rate" means the millage rate listed in the most recent tax ordinance approved by the county quorum court under the authority of § 14-14-904;

~~(14)~~(11) "Miscellaneous funds" means those ~~average~~ funds collected either in the average of the previous five (5) school years or the previous school year, whichever is less, from funds received by a school district from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes, funds received by the school district in lieu of taxes, and local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et seq.;

~~(15)~~(12)(A) “National school lunch students” means those students or the percentage of enrolled students from low socioeconomic backgrounds as indicated by eligibility for free or reduced-priced meals under the National School Lunch Act as ~~calculated~~ determined on October 1 of each previous school year and submitted to the Department of Education, unless the school district is identified by the Department of Education as participating in the special assistance certification and reimbursement alternative implemented under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. § 245.9.

(B) If the school district is participating under 42 U.S.C. § 1759a, then for purposes of funding under § 6-20-2305(b), such a school district’s annual percentage of national school lunch students shall be equal to the percentage submitted in the base year, which means the last school year for which eligibility determinations were made and meal counts were taken by type;

~~(16)~~(13) “Previous year” or “previous school year” means the school year immediately preceding the school year or fiscal year in which funds are allocated;

~~(17)~~(14)(A) “Professional development” means a coordinated set of planned learning activities for teachers and administrators that are standards-based.

(B) Professional development shall result in individual, schoolwide, and systemwide improvement designed to ensure that all students demonstrate proficiency in the state academic standards;

~~(18)~~(15) “School district” means a geographic area with an elected board of directors that qualifies as a taxing unit for purposes of ad valorem property taxes under title 26 of the Arkansas Code and which board conducts the daily affairs of public schools pursuant to the supervisory authority vested in it by the General Assembly and title 6 of the Arkansas Code;

~~(19)~~(16) “Secondary vocational area center” means a public secondary vocational institution organized for the specific purpose of educating high school students in specific occupational or vocational areas and serving students from more than one (1) participating school district;

~~(20)~~(17) “Special education catastrophic occurrences” means individual cases where special education and related services required by the individualized education program of a particular student with disabilities are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education and related services provided by a school district and funding is pursuant to rules promulgated by the State Board of Education;

~~(21)~~(18) “State foundation funding aid” means the amount of state financial aid provided to each school district and computed as the difference between the foundation funding amount established by the General Assembly and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus seventy-five percent (75%) of the miscellaneous funds of the school district;

~~(22)~~(19)(A) “Student growth funding” means the amount of state financial aid provided to each school district from funds made available for that purpose.

(B) For school year 2004-2005, and each year thereafter, student growth funding is calculated as five thousand four hundred dollars

(\$5,400) multiplied by the increase, if any, in the school district's two-quarter average of the average daily membership of the current school year over the local school district's two-quarter average of the average daily membership for the previous school year, excluding any increase resulting solely from consolidation or annexation with another school district;

~~(23)~~(20) "Teachers of the gifted and talented" means individuals certified by the State Board of Education to teach identified gifted and talented students;

~~(24)~~(21) "Technology" means any equipment for instructional purposes that is electronic in nature, including, but not limited to, computer hardware, computer software, Internet connectivity, and distance learning; and

~~(25)~~(22) "Uniform rate of tax" means a uniform rate of ad valorem property tax of twenty-five (25) mills to be levied on the assessed value of all taxable real, personal, and utility and regulated carrier property in the state to be used solely for the maintenance and operation of the public schools as required by Arkansas Constitution, ~~Amendment 74~~ Article 14, Section 3 (as amended by Amendments 11, 40, and 74).

SECTION 2. Arkansas Code § 6-20-2305 is amended to read as follows:
6-20-2305. School funding.

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

(2)(A) For the ~~2004-2005~~ 2005-2006 school year, the foundation funding amount is equal to five thousand four hundred dollars (\$5,400) multiplied by the average daily membership of the previous school year.

(B) For the 2006-2007 school year, the foundation funding amount is equal to five thousand four hundred ninety seven dollars (\$5,497) multiplied by the average daily membership of the previous school year.

(b)(1) In addition to state foundation funding aid, each school district shall receive funding for additional education categories as provided in subdivisions (b)(2)-(6) of this section.

(2)(A) For the 2004-2005 school year and each school year thereafter, alternative learning ~~environmental~~ environment funding and secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250) multiplied times:

(i) The number of identified alternative learning environment students enrolled during the ~~2003-2004~~ previous school year; and

(ii) The number of students enrolled in a secondary vocational area center during the ~~2003-2004~~ previous school year.

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

(C) Funding for students in secondary vocational area centers shall be distributed based on rules promulgated by the State Board of Workforce Education and Career Opportunities.

(3)(A) For the 2004-2005 school year and each school year thereafter, the English-language learners funding shall be one hundred

ninety-five dollars (\$195) for each identified English-language learner.

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

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

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

(i) For school districts in which ninety percent (90%) or greater of the previous school year's enrolled students are national school lunch students, funding shall be one thousand four hundred forty dollars (\$1,440);

(ii) For school districts in which at least seventy percent (70%) but less than ninety percent (90%) of the previous school year's enrolled students are national school lunch students, funding shall be nine hundred sixty dollars (\$960); and

(iii) For school districts in which less than seventy percent (70%) of the previous school year's enrolled students are national school lunch students, funding shall be four hundred eighty dollars (\$480).

(B) Funding under this subdivision (b)(4) for national school lunch students shall be based on the number of students eligible for a free or reduced price lunch program under the National School Lunch Act identified on the Arkansas public school computer network cycle two report on the percentage determined under § 6-20-2303(12)(A) multiplied by the number of the previous school year's enrolled students.

(C)(i) The State Board of Education shall establish by rule a list of approved programs and purposes for which funds allocated under this subdivision (b)(4) may be expended. School districts shall expend funds allocated under this subdivision (b)(4) only on the approved programs or purposes, which include, but are not limited to:

(a) Classroom teachers, provided that the school district meets the minimum salary schedule in § 6-17-2403 without using funds provided under subdivision (b)(4) of this section and those teachers are used for the purposes delineated in subdivision (b)(4) of this section;

(b) Before-school academic programs and after-school academic programs, including transportation to and from the programs;

(c) Prekindergarten programs coordinated by the Department of Human Services;

(d) Tutors, teachers' aides, counselors, social workers, nurses, and curriculum specialists;

(e) Parent education;

(f) Summer programs;

(g) Early intervention programs; and

(h) Materials, supplies, and equipment, including technology used in approved programs or for approved purposes.

(ii) However, notwithstanding any other provision of law, if the Department of Education determines that a school district's

expenditure of funds allocated under this subdivision (b)(4) would result in the school district losing funding under any federal law, then the funds allocated to a school district under this subdivision (b)(4) may be expended for other academic programs or salaries.

(iii) The department may direct that a school district expend available funds on specified programs under subdivision (b)(4)(C)(i) of this section.

(D) By the end of each school year, each school district shall submit to the department a report listing each program upon which funds allocated under this subdivision (b)(4) were expended, the amount expended, and any other information required by the department. The department shall develop appropriate reporting forms for use by school districts.

(5)(A) Professional development funding for the 2004-2005 school year and each school year thereafter shall be equal to an amount of up to fifty dollars (\$50.00) multiplied by the school district's previous school year average daily membership.

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

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

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

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

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

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

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

(e) Funds distributed to school districts under subsection (b) of this section shall be expended on:

(1) The students within each category of special needs for which the funds were allocated;

(2) Any students within any category of special needs under subsection (b) of this section as permitted by rules issued by the State Board of Education; or

(3) If the Department of Education determines that a school district's expenditure of funds allocated under subsection (b) of this section would result in the school district losing funding under any federal law, then the funds allocated to a school district under subsection (b) of this section may be expended for other academic programs or salaries as permitted by the Department of Education.

(f) In order for a school district to be entitled to state funds under the provisions of this subchapter, each school district shall satisfy the following requirements:

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

(2) The school district shall maintain records and make reports

relative to attendance, receipts, and disbursements and other reports as required by the department for the administration of this subchapter;

(3) The school district shall maintain proper financial records in accordance with the state's school accounting manual and regulations promulgated by the state board;

(4)(A) Each school year the school district shall file with the state board a salary schedule for its certified employees that recognizes a minimum level of training and experience.

(B) The schedule shall reflect the actual pay practices of the school district, including all fringe benefits.

(C) Salary increments for experience or education, or both, shall be identified on the schedule; and

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

(B) The records shall be kept according to law and regulations on paper or electronic forms either furnished or approved by the department.

(C) Original attendance records shall be kept on file in the office of the superintendent of the school district after the school term has ended for a period of three (3) school years and shall be available for monitoring purposes during any day of the school term for the teachers or other persons designated to keep attendance.

(g) By the end of each school year, each school district shall submit to the department a report listing each program upon which funds allocated under subsection (b) of this section were expended, the amount expended, and any other information required by the department. The department shall develop appropriate reporting forms for use by school districts.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the current funding provided for public schools is for the 2004-2005 school year; that it is necessary to fund school districts for the remainder of the biennium; and that this act is immediately necessary because changes in funding for school districts must be available for the 2005-2006 school year. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2005."

The Amendment was read _____
By: Representative Mahony
SFI/SFI - 04-04-2005 17:19
SFI330

Chief Clerk