

Hall of the House of Representatives
86th General Assembly - Regular Session, 2007
Amendment Form

Subtitle of House Bill No. 1632

"AN ACT TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF 2003 AND TO ENSURE
THAT EVERY PUBLIC SCHOOL DISTRICT IN THE STATE RECEIVES THE FULL
AMOUNT OF FOUNDATION FUNDING."

Amendment No. 3 to House Bill No. 1632.

Amend House Bill No. 1632 as engrossed, H2/21/07 (version: 02-21-2007 11:38):

Delete Representative Berry as a cosponsor.

AND

Delete SECTIONS 1 through 7 and substitute the following:

"SECTION 1. DO NOT CODIFY. ACT 57 COMPLIANCE.

The General Assembly declares this act to be in concordance with the study of the state's system of public education conducted in 2006 by the Adequacy Study Oversight Subcommittee, the House Interim Committee on Education, and the Senate Interim Committee on Education in compliance with Act 57 of the Second Extraordinary Session of 2003.

SECTION 2. Arkansas Code § 6-20-2303(11) through (22), concerning the definitions relating to public school funding, are amended to read as follows:

(11) "Miscellaneous funds" means the average of those funds collected either in the average of the previous five (5) school years or in the previous school year, whichever is less, and reported to the Department of Education by April 15 of each school year, consisting of:

(A) ~~from funds~~ 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; and

(B) ~~funds~~ 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.;~~

(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-price meals under the National School Lunch Act as determined on October 1 of each previous school year and submitted to the department, unless the school district is identified by the ~~department~~ department 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)(i)~~ 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 ~~except for the 2005-2006 school year as explicated in subdivision (12)(B)(ii) of this section.~~

~~(ii)~~ If a school district received funding for national school lunch students in the 2004-2005 school year as though one hundred percent (100%) of its students were eligible for free meals because of the school district's participation under 42 U.S.C. § 1759a, then that school district shall be funded for the 2005-2006 school year based upon the October 1, 2005, submission by a school district to the department if the school district has completed a new student eligibility determination and submitted that new eligibility determination to the department by October 1, 2005;

(13) "Net revenues" means actual revenues received from ad valorem taxes collected on behalf of a school district, multiplied by the uniform rate of tax over the total millage rate of the school district.

~~(13)~~(14) "Previous year" or "previous school year" means the school year immediately preceding the school year or fiscal year in which funds are allocated;

~~(14)(A)~~(15)(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;

(16)(A) "Revenues" means:

(i) The following items collected or received on behalf of a school district:

(a) Current year ad valorem taxes; plus

(b) Delinquent ad valorem taxes; plus

(c) Homestead tax credit; plus

(d) Interest earned on any tax funds held in trust; less

(ii) All costs and net commissions relating to the collection of ad valorem taxes authorized by law that are collected or withheld for later distribution by the county offices.

(B) On or before March 31 of each year, the Assessment Coordination Department shall compile the revenues for each school district for the calendar year preceding the end of the school fiscal year.

(C) The calculation of revenues shall be made in accordance with rules established by the Assessment Coordination Department.

~~(15)~~(17) "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, 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;

~~(16)~~(18) "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;

~~(17)~~(19) "Special education catastrophic occurrences" means individual cases in which 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;

~~(18)~~(20) "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;

~~(19)~~(A)(21) "Student growth funding" means the amount of state financial aid provided to each school district from funds made available for ~~that purpose~~ the growth in the average daily membership for the school district.

~~(B) For school years 2005-2006 and 2006-2007, 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;~~

~~(20)~~(22) "Teachers of the gifted and talented" means individuals certified by the state board to teach students identified as gifted and talented;

~~(21)~~(23) "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

~~(22)~~(24) "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, 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, Article 14, § 3, as amended by Arkansas Constitution, Amendments 11, 40, and 74.

SECTION 3. Arkansas Code § 6-20-2305(a) through (b)(4)(A), concerning foundation funding and categorical funding, are amended to read as follows:

(a)(1)(A) For each school year, each 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 the miscellaneous funds of the school district.

(B) The Department of Education shall distribute state foundation funding aid to each school district in eleven (11) equal monthly payments.

~~(2)(A) For the 2005-2006 school year, the foundation funding amount is equal to five thousand four hundred eighty six dollars (\$5,486) multiplied by the district's average daily membership for the previous school year.~~

~~(B)(2)(A) For the 2006-2007 2007-2008 school year, the foundation funding amount is equal to five thousand six hundred twenty dollars (\$5,620) multiplied by the school district's average daily membership for the previous school year.~~

(B) For the 2008-2009 school year, the foundation funding amount is equal to five thousand seven hundred eighty-nine dollars (\$5,789) multiplied by the school district's average daily membership for the previous school year.

~~(C) For the 2005-2006 school year and the 2006-2007 school year, the foundation funding amount provided under subdivisions (a)(2)(A) and (B) of this section shall be increased by forty two dollars (\$42.00) multiplied by the district's average daily membership for the previous school year to pay for increased school district costs resulting from the 2005-2006 and 2006-2007 increases in the employer's rate of contribution to the Arkansas Teacher Retirement System from thirteen percent (13%) to fourteen percent (14%).~~

~~(3)(A) During the 2006-2007, school year, a A school district with an that has experienced a decline in average daily membership over the two (2) immediately preceding school years that is less than the school district's previous year's average daily membership shall receive:~~

~~(i) Declining enrollment funding equal to the difference between the average of the two (2) immediately preceding years' average daily memberships and the average daily membership for the previous school year multiplied by five thousand six hundred twenty dollars (\$5,620) the amount of foundation funding set forth in subdivision (a)(2) of this section; or~~

~~(ii) Special needs isolated funding under § 6-20-604.~~

~~(B) Any funding appropriated and available for declining enrollment funding under subdivision (a)(3)(A)(i) of this section or special needs isolated funding under § 6-20-604 that is not distributed under subdivision (a)(3)(A) of this section shall be prorated and distributed equally per average lost student to school districts that meet the qualifications for both declining enrollment funding under subsection (a)(3)(A)(i) of this section and special needs isolated funding under § 6-20-604.~~

(C) No school district shall receive both declining enrollment funding under subdivision (a)(3)(A)(i) of this section and student growth funding under § 6-20-2305(c).

(4)(A) By the end of each school fiscal year, for a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the

school district, the department shall distribute to the school district the difference between:

(i) The net revenues of the school district; and
(ii) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

(B) For a school district whose net revenues are more than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the department, under the authority of § 6-20-2306, shall recoup from the school district an amount equal to the difference between:

(i) The net revenues of the school district; and
(ii) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

(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~~ subsection (b).

~~(2)(A)(i) For school years 2005–2006 and 2006–2007 Beginning with the 2007–2008 school year, alternative learning environment funding and secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250)~~ four thousand sixty-three dollars (\$4,063) multiplied by:

~~(i) The the number of identified alternative learning environment students enrolled during the previous school year; and~~
~~(ii) The number of students enrolled in a secondary vocational area center during the previous school year.~~

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

~~(C)(B)(i)~~ Beginning with the 2007–2008 school year, secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250) multiplied by the number of students enrolled in a secondary vocational area center during the previous school year.

(ii) 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 school years 2005–2006 and 2006–2007, the English-language learners funding~~ Beginning with the 2007–2008 school year, funding for students who are identified as English-language learners shall be one hundred ninety-five dollars (\$195) ~~two hundred ninety-three dollars (\$293) for each identified English-language learner.~~

~~(B) Funding for English-language learner students~~ English-language learners 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 of Education and are a supplement to funding for national school lunch students provided in subdivision (b)(4) of this section.~~

~~(4)(A) For school years 2005–2006 and 2006–2007~~ Beginning with

the 2007-2008 school year, national school lunch student funding for each identified national school lunch student shall be as follows:

(i) For ~~a school districts~~ district 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)~~ one thousand four hundred eighty-eight dollars (\$1,488);

(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)~~ nine hundred ninety-two dollars (\$992); 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)~~ four hundred ninety-six dollars (\$496).

SECTION 4. Arkansas Code § 6-20-2305(b)(5), concerning categorical funding for professional development, is amended to read as follows:

(5)(A) Beginning with school year 2007-2008, Professional professional development funding for school years 2005-2006 and 2006-2007 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 shall be used for professional development ~~training conferences, materials, and other professional development activities~~ and materials that improve the knowledge of teachers, administrators, and paraprofessionals concerning effective instructional strategies, methods, and skills for improving teaching practices and student academic achievement as outlined in rules promulgated by the State Board of Education.

SECTION 5. Arkansas Code Title 6, Chapter 20, Subchapter 23 is amended to add an additional section to read as follows:

6-20-2307. Property tax report.

In order to provide relevant information to the General Assembly impacting the funding of public education, upon approval of the Legislative Joint Auditing Committee, the Division of Legislative Audit shall prepare a report regarding the assessment and collection of property taxes.

SECTION 6. Arkansas Code § 6-20-2305(c), concerning isolated funding, student growth funding, and special education-catastrophic occurrences funding, is amended to read as follows:

(c) Isolated funding under § 6-20-601, student growth funding, and special education-catastrophic occurrences funding shall be funded as follows:

(1) Isolated 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; and

(2)(A) Student growth funding is calculated as the sum of the following amounts:

(i) One quarter (1/4) of the per student foundation

funding for the school district under § 6-20-2305(a)(2) multiplied by the increase, if any, of each of the following:

(a) The school district's quarterly average daily membership for the first quarter of the current school year over average daily membership of the previous school year;

(b) The school district's quarterly average daily membership for the second quarter of the current year over the average daily membership of the previous school year;

(c) The school district's quarterly average daily membership for the third quarter of the current school year over the average daily membership of the previous school year; and

(d) The school district's quarterly average daily membership for the fourth quarter of the current school year over the average daily membership of the previous school year; and

(ii) ~~excluding~~ Excluding any increase resulting solely from consolidation or annexation with another school district.

(B)(i) The State Board of Education shall establish by rule the timing of distributions of student growth funding and the mechanism for determining the quarterly average daily membership to be used in calculating student growth funding under this subsection (c).

(ii)(a) As the fourth quarter average daily membership count will not be available until the following school fiscal year, the final distribution for each school year shall include one half (1/2) of the per student foundation funding for the school district under § 6-20-2305(a)(2) multiplied by the increase, if any, of the school district's quarterly average daily membership for the third quarter of the current school year over the average daily membership of the previous school year.

(b) As a result of calculating the distribution in subdivision (c)(2)(B)(i) of this section, either an adjustment shall be made in the initial distribution of growth funding for the district in the following school year to be based on the actual fourth quarter growth determined in subdivision (c)(2)(A)(i)(d) or the school district shall refund the overpayment in growth funding.

SECTION 7. Arkansas Code § 6-17-2403(b) and (c), concerning the minimum teacher compensation schedule, is amended to read as follows:

~~(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	BA Degree Salary	MA Degree Salary
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	BA Degree Salary	MA Degree Salary
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	BA Degree Salary	MA Degree Salary
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

(b) In school year 2007-2008, 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:

<u>Years of Experience</u>	<u>BA Degree Salary</u>	<u>MA Degree Salary</u>
0	\$28,897	\$33,231
1	29,352	33,736
2	29,806	34,241
3	30,261	34,746
4	30,715	35,251
5	31,170	35,756
6	31,624	36,261
7	32,079	36,766
8	32,533	37,271
9	32,988	37,776
10	33,442	38,281
11	33,897	38,786
12	34,351	39,291
13	34,806	39,796
14	35,260	40,301
15	35,715	40,806

(c) In school year ~~2006-2007~~ 2008-2009 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:

<u>Years of Experience</u>	<u>BA Degree Salary</u>	<u>MA Degree Salary</u>
0	\$29,533	\$33,963
1	29,998	34,479
2	30,462	34,995
3	30,927	35,511
4	31,391	36,027
5	31,856	36,543
6	32,320	37,059
7	32,785	37,576
8	33,249	38,092
9	33,714	38,608
10	33,508	39,124
11	34,643	39,640
12	35,107	40,156
13	35,572	40,672
14	36,036	41,188
15	36,501	41,705

SECTION 8. NOT TO BE CODIFIED. The amendment to the minimum teacher compensation schedule contained in Section 5 of this act reflects the overall increase in foundation funding. This amendment is a significant step in closing the teacher salary gap. The increased minimum teacher compensation schedule helps in recruiting and retaining teachers in Arkansas. Most importantly, it makes Arkansas more competitive for quality teachers when compared to surrounding states and Southern Regional Education Board member states.

SECTION 9. NOT TO BE CODIFIED. The document attached hereto titled "Education Funding Recommendations for the 2007-2009 Biennium", contains the Education Funding Recommendations of the Adequacy Study Oversight Subcommittee, the House Interim Committee on Education, and the Senate Interim Committee on Education. Since January 22, 2007, when those recommendations were adopted by the House Education Committee and the Senate Education Committee, some calculation errors were identified and recalculations were made. The recalculations are also contained in this document in narrative form. This document and its final recommendations are specifically adopted by the House Education Committee and the Senate Education Committee and recommended to the General Assembly. The document, "Education Funding Recommendations for the 2007-2009 Biennium", shall be filed in the journals of the House and Senate."

AND

Appropriately renumber the remaining section.

The Amendment was read _____
By: Representative Kenney
CLR/CLR - 02-22-2007 09:01
CLR167

Chief Clerk