

**DEPARTMENT OF EDUCATION  
GENERAL OPERATIONS & PUBLIC SCHOOL FUND  
2007-09 BIENNIUM**

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

The Department of Education administers the programs and financial assistance to the State's public elementary and secondary schools. The Arkansas Constitution requires the state to maintain a general, suitable and efficient system of free public schools and to adopt all suitable means to secure to the people the advantages and opportunities of education.

**TOTAL BIENNIAL BUDGET**

**Department:** The Department's budget totals \$760.3 million in FY08 which is an increase of \$79.6 million or 11.7% and a total of \$764.7 million in FY09 which is an increase of \$83.9 million or 12.3%.

**Public School Fund:** Total authorized appropriation is \$2,582,676,780 in FY08 and \$2,613,301,419 in FY09 which is an increase of \$133,133,828 in FY08 and \$163,803,609 in FY09 over the Base Level.

**FUNDING SOURCE**

**Department:** The budget is funded by federal revenue (approx. 92%), general revenue/Educational Excellence Trust Fund/Educational Adequacy Fund(approx. 3%), cash funds (approx. 1%), and trust funds and fund balances (approx. 4%).

**Public School Fund:** The budget is funded by General Revenue through the Revenue Stabilization Act allocations, the Educational Adequacy Fund, Educational Excellence Trust Fund, fund balances, "Off-the-Top" state funding, TANF Transfer from the Dept of Workforce Services, and transit tax funding.

**II) SIGNIFICANT CHANGES**

**DEPARTMENT:**

The total General Revenue authorized in the Revenue Stabilization Act (RSA) for the biennial operations appropriation for the Department of Education is \$14,819,231 in FY08 and \$15,089,139 in FY09. The General Revenue base level was adjusted to add \$600,000 each year to shift the Leadership Academy appropriation from the Public School Fund to the Department of Education Fund Account/State Operations Appropriation, and to add \$272,502 in FY08 and \$550,504 in FY09 to provide a 2% Cost of Living Adjustment for Department positions. Total General Revenue increase over the adjusted base level is \$886,185 in FY08 and \$877,418 in FY09 over Base Level.

The following appropriation increases were authorized for the State Operations appropriation which is funded by the Department's General Revenue fund account.

<b><u>Appropriation Increases:</u></b>	<b><u>FY08</u></b>	<b><u>FY09</u></b>
- Increased Salary & Matching to restore seven pool positions approved during the 2005-07 biennium	674,845	674,845

- Increased Salary, Matching, Operating Expenses, and Conference Fees due to the addition of 3 positions, 1 Coordinator of Fiscal Distress and 2 Public School Program Advisors for the Alternative Learning Environment Program	211,340	202,573
- Increased Extra Help & Matching (Unfunded)	53,855	53,855
- Increased Operating Expenses for travel expenses for Arkansas Comprehensive School Improvement Monitoring Activities	242,000	242,000
- Capital Outlay Expenses (Unfunded)	100,000	100,000
<b>Total Appropriation Increase</b>	<b>\$1,282,040</b>	<b>\$1,273,273</b>

**FISH AND WILDLIFE CONSERVATION**

This appropriation is funded by Game and Fish Commission fines which are passed through the Department of Education to Counties to fund educational programs. The total budget is \$700,000 each year for grants and aid which is an increase of \$100,000 each year which is needed to restore Cash Appropriation received from the DFA Cash Holding Appropriation during the 2005-07 biennium.

**NATIONAL GOVERNORS' ASSOCIATION CENTER FOR BEST PRACTICE GRANT AWARD**

This appropriation is funded by the National Governors' Center for Best Practices and has a total budget of \$500,000 in FY08 to complete the approximately \$2 million grant which was received during the 2005-07 biennium. This appropriation will be used to participate with nine (9) other states in a project to develop and implement comprehensive plans for high school redesign.

**MEDICAID ADMINISTRATIVE CLAIMING**

This appropriation is federally funded by the Centers for Medicare and Medicaid Services (CMS), and provides school districts with the ability to receive reimbursement for certain administrative activities they perform in support of the Medicaid Program. The Department received appropriation through the DFA Cash Holding Appropriation in the 2005-07 biennium for this new program. An appropriation of \$15,000,000 is authorized for both FY08 and FY09 which is estimated to be the amount necessary for all school districts to participate in this program. Act 318 of 2007 provided a \$5 million supplemental appropriation for this program for FY07.

**STATE OPERATIONS**

This appropriation is funded by General Revenue, Educational Excellence Trust Funds, the Educational Adequacy Fund, and a fund transfer from the Public School Fund, and provides resources for the operational costs of the Arkansas Department of Education (ADE). The total appropriation authorized for State Operations is \$22.5 million in FY08 and \$22.8 million in FY09 with the following increases:

**Regular Salaries** - An increase of \$530,314 each year to restore seven pool positions authorized by Section 24 of Act 2126 of 2005 which also requires the Department to request pool positions as new positions in the succeeding biennium, and \$116,400 in FY08 and \$118,728 in FY09 for 3 additional positions (1 ADE Coordinator of Fiscal Distress and 2 Public School Program Advisors for the Alternative Learning Environment Program.

**Personal Services Matching:** An increase of \$144,531 each year to restore the 7 pool positions and an additional increase of \$42,000 in FY08 and \$42,505 in FY09 for the 3 additional positions.

**Extra Help and Matching** - An increase of \$53,855 in unfunded appropriation each year (Extra Help- \$50,000 and matching -\$3,855) as a precaution for unanticipated needs during the 2007-09 biennium.

**Operating Expenses** - Provides an increase of \$242,000 each year for travel expenses for Arkansas Comprehensive School Improvement Monitoring Activities.

**Capital Outlay** - Provides \$100,000 in unfunded appropriation each year of the biennium as a precaution for unanticipated needs during the 2007-09 biennium.

**Arkansas Leadership Academy** - Provides for the transfer of \$600,000 each year from the Public School Fund to the Department of Education Fund Account to consolidate the appropriations.

#### **CHILD NUTRITION - FEDERAL**

This appropriation is federally funded by the U.S. Department of Agriculture and is used to provide administrative services and reimbursement to the local districts that participate in school lunch, school breakfast or special milk programs. This program also promotes nutrition education by conducting courses in methods and materials for teaching nutrition education. The total authorized appropriation is \$165.5 million in FY08 and \$167 million in FY09 with the following increases:

**Grants and Aids** - An increase of \$14,880,000 in FY08 and \$16,368,000 in FY09 in anticipation of federal funds that may become available during the 2007-09 biennium.

**Capital Outlay** - An increase of \$20,000 each year to continue appropriation approved through the Miscellaneous Federal Grant Process, and \$20,000 each year due to anticipated growth in this funding source.

**Data Processing** - An increase of \$28,000 each year to continue appropriation approved through the Miscellaneous Federal Grant Process.

**Refunds and Reimbursements** - An increase of \$36,000 in FY08 and \$39,600 in FY09 due to anticipated growth in this funding source.

#### **FEDERAL ELEMENTARY AND SECONDARY EDUCATION**

This appropriation is federally funded and the federal grants supporting it include: Title 1 Compensatory Education for the educationally disadvantaged, Title 2 Block Grant, Special Education Programs, Early Childhood Programs, AIDS Education, Drug Education, and Migrant Education. The total authorized appropriation is \$519.2 million in FY08 and \$523.7 million in FY09 which includes the following increases:

**Grants and Aids** - An increase of \$44,693,276 in FY08 and \$49,162,604 in FY09 in anticipation of federal funds that may become available during the 2007-09.

**Capital Outlay** - An increase of \$160,000 each year due to anticipated growth in this funding source.

**Refunds and Reimbursements** - An increase of \$100,000 in FY08 and \$110,000 in FY09 due to anticipated growth in this funding source.

#### **ALTERNATIVE CERTIFICATION PROGRAM**

This appropriation is funded by a fee that is charged for training workshops and is used to pay workshop expenses. The total authorized

appropriation is \$1,040,066 in FY08 and \$1,047,712 in FY09 with the following increases:

**Operating Expenses** - An increase of \$78,766 in FY08 and \$85,992 in FY09 due to continued growth in the Alternative Certification Program.

**Professional Fees and Services** - An increase of \$13,200 in FY08 and \$13,620 in FY09.

**Grants and Aid** - An increase of \$200,000 each year due to a change in the methodology of its training delivery process. The change involves moving away from contracting with entities which sub-contracted with individuals to conduct training, to entering into a grant arrangement directly with the various presenters and site facilitators.

**PULASKI COUNTY DESEGREGATION CASE COSTS**

Provides a new appropriation of \$1.5 million for the biennium for the payment of consultants, expert witnesses, attorneys' fees, or other costs related to investigating and pursuing the end of the Pulaski County Desegregation Case. This appropriation is to be funded by two (2) fund transfers: \$750,000 fund transfer from the Public School Fund and a total transfer of \$210,000 from the 85th Session Projects Account.

**PUBLIC SCHOOL FUND:**

Provided a total General Revenue increase of \$70,010,116 in FY08 and \$108,823,398 in FY09 over Base Level. In addition, \$5.6 and \$9.4 million for FY08 and FY09 respectively was provided for Court Ordered Desegregation, for a total new state funding increase of \$75,577,961 in FY08 and \$118,249,692 in FY09:

Act 229 of 2007 provides the following significant Appropriation increases over the Base Level:

<u>Appropriation</u>	<u>FY 2007-08</u>	<u>FY2008-09</u>
Advanced Placement Incentive	150,000	150,000
Alternative Pay	2,500,000	2,500,000
APSCN	1,022,024	1,193,855
Better Chance Program	39,833,500	39,833,500
Contingency (Unfunded)	25,000,000	25,000,000
Coop Ed Tech Centers Operations	450,000	450,000
Court Ordered Desegregation	5,567,845	9,426,294
Dept of Correction	480,000	600,000
Distance Learning	3,000,000	3,000,000
Early Childhood Special		
Education	4,870,625	5,316,744
Economic Education	50,000	50,000
Education Service Cooperatives	600,000	600,000
End-to-End Security		
Review/Assessment	300,000	0
English Language Learners	4,058,208	5,486,111
Gifted & Talented	130,000	130,000
Home school testing	100,000	100,000
Master Principal Bonus	45,000	90,000
Nat Board Prof Teaching		
Standards	2,138,000	3,388,000

National School Lunch Student Funding	3,972,512	4,716,512
Professional Development Funding	115,000	310,000
Public School Employees Insurance	188,000	395,000
Residential Centers/ Juvenile Detention	2,001,349	2,131,749
Smart Start/Smart Step	3,070,303	3,070,303
Special Ed - Catastrophic	2,200,000	2,200,000
State Foundation Funding Aid	10,148,377	30,012,996
Student Growth	3,780,000	4,851,000
Teacher Recruitment	500,000	500,000
Teacher Retirement Matching	927,920	1,532,920
Technology Grants (Unfunded)	2,000,000	2,000,000
Traveling Teachers	500,000	500,000
URT Actual Collections	<u>13,435,165</u>	<u>14,268,625</u>
Total	\$133,133,828	\$163,803,609

\*The GR increase combined with projected growth in the Educational Excellence Trust Fund, fund transfers from the General Revenue Allotment Reserve Fund, "Off-the-Top" funding for desegregation and Fund Balances are available to fund the appropriation increases listed above.

**ADVANCED PLACEMENT INCENTIVE**

This appropriation provides support to establish advanced placement courses that are easily accessible and will prepare students for admission to, and success in, a postsecondary educational environment. The authorized appropriation is \$825,000 each year which includes an increase of \$150,000 each year.

**ALTERNATIVE PAY**

This is a new appropriation authorized by Act 229 of 2007 in the amount of \$2.5 million each year in response to the creation of an Alternative Pay Program created by Act 847 of 2007.

**ARKANSAS PUBLIC SCHOOL COMPUTER NETWORK-APSCN (APPROPRIATION 688)**

This appropriation provides personal services and operating expenses for APSCN which is responsible for implementing a statewide data communication network that connects all Arkansas public school systems and Education Service Cooperatives with the Department of Education to provide electronic access to administrative computing services and remote instructional services. The total authorized appropriation for the biennium is \$15,860,243 in FY08 and \$16,081,068 in FY09 which includes the following changes:

**Regular Salaries:** An increase of \$92,260 each year for the restoration of the Director of APSCN position originally authorized as a pool position.

**Matching:** An increase of \$24,230 each year for the restoration of the Director of APSCN position originally authorized as a pool position.

**Operating Expenses** - An increase of \$310,800 in FY08 and \$364,400 in FY09 for anticipated increases in software maintenance costs due to the new COGNOS data warehouse for financial and student reporting.

**Data Processing** - An increase of \$1,094,734 in FY08 and \$1,212,965 in FY09 which is the 10.8% anticipated increase in the cost of the DIS service agreement for APSCN.

**Data Access Implementation Line:** A decrease of \$500,000 each year.

**End-to-End Security Review/Assessment:** A new biennial appropriation in the amount of \$300,000 was provided for an "End-to-End" Security Review and Assessment of the APSCN System and is to be funded by a \$300,000 fund transfer from the General Revenue Allotment Reserve Fund to the Public School Fund.

**BETTER CHANCE PROGRAM (APPROPRIATION 652)**

This appropriation funds innovative and developmentally appropriate early childhood programs for educationally deprived children ages 3-5. The total authorized appropriation is \$111 million each year which includes an increase of \$39,833,500 each year which will allow the Division of Childcare and Early Childhood Education to serve approximately 9,300 additional children to meet the Division's goal to serve 70% of all of the children whose families earn up to 200% of the federal poverty level and therefore are eligible to participate in the program. Note: The goal is 70% due to the historical participation rate of 70% of total eligibles. It will require \$46,733,500 each year in General Revenue funding to provide this increase due to the need to replace the \$6.9 million Beer Tax revenues which are scheduled to sunset June 30, 2007.

**COOPERATIVE EDUCATION TECHNICAL CENTERS (APPROPRIATION 434)**

These centers assist local school districts by providing technology training, advise school districts in software/hardware purchases, and oversee technology initiatives. The authorized appropriation is \$1.2 million each year which includes an increase of \$450,000 each year to meet the needs of the school districts and coordinate school district technology initiatives with Department efforts and pay for increased salaries and expenses of the technology coordinators.

**COURT ORDERED DESEGREGATION (APPROPRIATION 460)**

This appropriation is used to cover the costs of the Pulaski County School Desegregation Settlement Agreement and the Camden Fairview Desegregation Settlement. The total authorized appropriation is \$65,955,923 in FY08 and \$69,814,372 in FY09 which includes an increase of \$5.6 million in FY08 and \$9.4 million in FY09 to cover a projected increase in cost of 6% each year.

**DEPARTMENT OF CORRECTION (APPROPRIATION 380)**

This appropriation is used to fund the Department of Correction School District. The total appropriation is \$5,027,675 in FY08 and \$5,147,675 in FY09 which includes an increase of \$480,000 in FY08 and \$600,000 in FY09 for additional programs at Osceola, Fort Smith, Fayetteville, Texarkana, Pine Bluff, Malvern, Wrightsville, Newport and Little Rock.

**DISTANCE LEARNING (APPROPRIATION 698)**

This appropriation provides for the establishment, organization, and administration of a distance learning program designed to improve course offerings available to students in the state. The total authorized appropriation is \$6.5 million each year which includes an increase of \$3 million each year to address the enrollment requests for distance



learning which have doubled since the 2004-05 school year.

**EARLY CHILDHOOD SPECIAL EDUCATION (APPROPRIATION 697)**

This appropriation provides special education services through local education agencies for three to five year old preschool children with disabilities. The authorized appropriation is \$14,870,625 in FY08 and \$15,316,744 in FY09 which includes an increase of \$4.8 million in FY08 and \$5.3 million in FY09 to address program growth, increased costs, and provides enough funding that the Department will no longer require transfers from the Arkansas Better Chance Program.

**ECONOMIC EDUCATION (APPROPRIATION 1XE)**

This program's objective is to integrate economics into the K-12 curriculum by training teachers and administrators in economic principles. The total authorized appropriation is \$350,000 each year which is an increase of \$50,000 each year to help expand the program.

**EDUCATION SERVICE COOPERATIVES (APPROPRIATION 670)**

This appropriation provides funding for the 15 educational cooperatives which facilitate the sharing of resources and services between local school districts. The authorized appropriation is \$5,529,270 each year which includes an increase of \$600,000 each year.

**ENGLISH LANGUAGE LEARNERS (APPROPRIATION 082)**

This appropriation provides additional funding for each student that is identified as an English Learner or is limited in their English proficiency. The total authorized appropriation is \$8,803,208 in FY08 and \$10,231,111 in FY09 which includes an increase of \$4,058,208 in FY08 and \$5,486,111 for FY09 which will provide for projected increase in the number of English Language Learner students (17.25% growth each year), an increase in the rate per student from \$195 to \$293, and to provide \$50,000 in FY08 and \$80,000 in FY09 for additional Institute Costs.

**GIFTED AND TALENTED (APPROPRIATION 457)**

This appropriation provides support for 15 Gifted and Talented supervisors in the Cooperatives, the Arkansas Governor's School, Act 56 Outstanding Gifted Programs Awards, and an annual contribution to the Arkansans for Gifted and Talented Education Conference (AGATE). The authorized appropriation is \$1,422,896 each year which includes an increase of \$130,000 each year to provide an additional \$8,667 per GT Supervisor from the Department to the Cooperatives for Gifted and Talented Supervisors who assist the ADE Office of Gifted and Talented.

**HOME SCHOOL TEST (APPROPRIATION 150)**

This appropriation is used for norm reference testing for each student enrolled in a home school program. The total authorized appropriation is \$250,000 each year which is an increase of \$100,000 each year which will allow the Department to continue the revised FY07 Budgeted level of the program that was increased due to the growing home school enrollment.

**LEADERSHIP ACADEMY (APPROPRIATION 2GP)**

This program provides training programs for public school leaders (principals, superintendents, board members, etc). The base level budget of \$600,000 has been moved to the Dept of Education Operations appropriation payable from the Department of Education Fund Account.

**MASTER PRINCIPAL BONUS (APPROPRIATION 2ZM)**

This appropriation is to be used for incentive bonuses for principals achieving Master Principal status through the Arkansas Leadership

Academy. Act 44 of the 2nd Extraordinary Session of 2004 allows for \$9,000 annually for five years while serving as a full-time principal, and \$25,000 annually for full-time principals serving in an Arkansas' "low-performing" school. The total authorized appropriation is \$45,000 in FY08 and \$90,000 in FY09 to provide for the anticipated five (5) principals that will complete the Master Principal program each year.

**NATIONAL BOARD OF PROFESSIONAL TEACHING STANDARDS (APPROPRIATION 438)**

This appropriation provides bonuses to National Board Certified teachers, participation fees and substitute pay for candidates, and a support system for those candidates. The total authorized appropriation is \$4,843,500 in FY08 and \$6,093,500 in FY09 which includes an increase of \$2,138,000 in FY08 and \$3,388,000 in FY09 to allow for the participation of additional teachers each year. The Department estimates that they will fund 250 new Starting Bonuses in FY08 and FY09 which is 150 greater than the Base Level of 100. In addition, continuing yearly bonuses in FY08 and FY09 are projected at 583 and 833, respectively, which are increases of 213 in 08 and 463 in 09 over the Base Level of 370.

**NATIONAL SCHOOL LUNCH (APPROPRIATION 2HR)**

This appropriation provides additional funding for students qualifying for the national free or reduced-priced lunch program under the National School Lunch Act. The total authorized appropriation is \$156.7 million in FY08 and \$157.4 million in FY09 which provides an increase of \$3,972,512 in FY08 and \$4,716,512 in FY09. This additional amount provides for a 3.28% rate increase per NSL eligible student in FY08 and a continuation of this rate in FY09 for each concentration level of NSLA students (New Rates: under 70%- \$496, between 70% and 90% - \$992, and over 90% - \$1,488), and provides for a student growth projection of 1,500 students at the \$496 per student rate for FY09.

**PROFESSIONAL DEVELOPMENT (APPROPRIATION 2HS)**

This appropriation provides aid to districts for professional development at the rate of \$50 times the districts' previous school year ADM and up to \$4,000,000 to the Department to provide professional development assistance to districts. The authorized appropriation is \$22,965,000 in FY08 and \$23,160,000 in FY09 which is an increase of \$115,000 in FY08 and \$310,000 in FY09 over the base level to provide for growth in the number of students in the districts' ADM (2,300 in FY08 and 3,100 in FY09).

**RESIDENTIAL CENTERS/JUVENILE DETENTION (APPROPRIATION 394)**

This appropriation provides reimbursement to school districts for educational costs associated with disabled and non-disabled children placed in approved residential psychiatric and drug and alcohol treatment facilities or juvenile detention facilities. The total authorized appropriation is \$13,385,831 in FY08 and \$13,516,231 in FY09 which includes an increase of \$2,001,349 in FY08 and \$2,131,749 in FY09 to accommodate the annual adjustments to foundation funding aid amounts upon which the Juvenile Detention facility funding level is based.

**PUBLIC SCHOOL EMPLOYEES INSURANCE (APPROPRIATION 446)**

This appropriation provides the state contribution for insurance premiums for employees of Education Service Cooperatives, Vocational Centers, Model Vo-Tech Resource Center, Arkansas Easter Seals, the Dept of Correction School, and \$35 million to pay a minimum of \$61 per eligible participating public school employee for health insurance. The



authorized appropriation is \$37.1 million in FY08 and \$37.3 million in FY09 which includes an increase of \$188,000 in FY08 and \$395,000 in FY09 which is based on the historic 10% annual increase in the premiums paid for the Coops, Vocational Centers, Model Vo-Tech Resource Center, Easter Seals, and Dept of Correction School.

**RESIDENTIAL CENTERS/JUVENILE DETENTION (APPROPRIATION 394)**

This appropriation provides reimbursement to school districts for the educational costs associated with disabled and non-disabled students placed in approved residential psychiatric and drug and alcohol treatment facilities or juvenile detention centers. The authorized appropriation is \$13,385,831 in FY08 and \$13,516,231 in FY09 which includes a \$2 million increase in FY08 and \$2.1 million in FY09 due to a 245 bed increase between 2007 and 2008.

**SCHOOL FUNDING CONTINGENCY (APPROPRIATION 2ZH)**

This appropriation provides unfunded appropriation that is used to address unforeseen problems that may arise during the course of a biennium. The total authorized appropriation is \$25 million each year.

**SECONDARY VOCATIONAL AREA CENTERS (APPROPRIATION 2KW)**

This appropriation has been transferred to Ark Department of Workforce Education - Operating Appropriation.

**SMART START/SMART STEP (APPROPRIATION 057)**

This appropriation provides a comprehensive initiative that focuses on improving academic achievement of kindergarten through fourth grade students in the area of reading, mathematics and science. The authorized appropriation is \$10,252,118 each year which includes an increase of \$3,070,303 each year which provides salary increases for specialists, support for science specialists which historically have been federally funded, and increase the number of participants in state delivered professional development.

**SPECIAL EDUCATION - CATASTROPHIC (APPROPRIATION 091)**

This appropriation provides state funding to school districts when costs of special education and related services required by an individual student equal or exceed \$30,000 after the receipt of State Medicaid and other third party funding. The total authorized appropriation is \$11 million each year which includes an increase of \$2.2 million each year to cover the costs of moving Intermediate Care Facility students from residential programs, general costs increases, and overall program growth.

**STATE FOUNDATION FUNDING (APPROPRIATION 2HP)**

This appropriation provides state financial aid to each school district, which is computed as the difference between the foundation funding amount which is the current authorized Per ADM Foundation Funding Amount (\$5,662 in FY07, \$5,719 in FY08 and \$5,789 in FY09) times the average daily membership from the previous year and the sum of 98% of the uniform rate of tax (25 mills) times the property assessment of the district plus 75% of the districts miscellaneous funds. The General Assembly also authorized an enhanced educational funding amount of \$51 per ADM in FY08 and \$87 in FY09. The total authorized appropriation is \$1.829 billion in FY08 and \$1.849 billion in FY09 which is an increase of \$10,148,377 in FY08 and \$30,012,996 in FY09.

**STUDENT GROWTH**

This appropriation provides supplemental funding to districts that have a growth in students over the previous school year. The total authorized appropriation is \$53,780,000 in FY08 and \$54,851,000 in FY09 which includes an increase of \$3,780,000 in FY08 and \$4,851,000 in FY09 due primarily to the increase of the per student rate for student growth payments from \$5,400 to \$5,719 in FY08 and \$5,789 in FY09.

**TEACHER RECRUITMENT (APPROPRIATION 2JC)**

This appropriation provides a system of incentives for teacher recruitment and retention in high priority districts. The authorized appropriation is \$2.1 million each year which includes an increase of \$500,000 each year.

**TECHNOLOGY GRANTS (APPROPRIATION 119)**

This appropriation provides technology grants to school districts for programs such as the EAST Initiative and Explor-Net. The authorized appropriation is \$3.6 million each year which includes a \$2 million unfunded appropriation increase each year.

**TRAVELING TEACHERS (APPROPRIATION )**

This is a new appropriation authorized at \$500,000 each year of the biennium due to the creation of the Traveling Teacher program by Act 1027 of 2007 to assist rural school districts in providing appropriately certified licensed teachers to teach required courses in grades nine through twelve (9-12).

**URT ACTUAL COLLECTION ADJUSTMENT (APPROPRIATION )**

This is a new appropriation created to provide payment to those school districts who are not able to collect the full 98% of the Uniform Rate of Tax. The authorized appropriation is \$13,435,165 in FY08 and \$14,268,625 in FY09. The funding for this appropriation is provided by General Revenue (\$3 million each year) and by a transfer of \$21,703,790 from the General Revenue Allotment Reserve Fund (Section 31 of Act 1420 of 2007).

**TEACHER RETIREMENT STATE MATCH (APPROPRIATION 437)**

This appropriation provides the employer matching for employees of the Education Service Cooperatives, Vocational Centers, Model Vocational-Technical Resource Center, Arkansas Easter Seals, and the Dept. of Correction School. The total budget for this appropriation is \$6,050,000 in FY08 and \$6,655,000 in FY09 which includes an increase of \$927,920 in FY08 and \$1,532,920 in FY09 which provides for greater than expected increases in costs and basic increases in costs which have historically been 10%.

**III) ADDITIONAL POSITIONS**

**DEPARTMENT:**

Total positions for the 2007-09 biennium: 355  
(50 Pool Positions authorized - 25 Classified and 25 non-classified)  
Total positions for the 2005-07 biennium: 357  
(50 Pool Positions authorized - 25 Classified and 25 non-classified)  
Increase/(Decrease): (2)

Due to the reduction of 9 positions in the State Operations Appropriation and the subsequent increase of 7 pool positions, the Department has a net decline of 2 positions.

**PUBLIC SCHOOL FUND:**

Education Renewal Zones:

Total positions for the 2007-09 biennium: 5

Total positions for the 2005-07 biennium: 5

Increase/(Decrease): 0

APSCN:

Total positions for the 2007-09 biennium: 46

Total positions for the 2005-07 biennium: 45

Increase/(Decrease): 1

Restores the unclassified Director of APSCN position originally authorized as a pool position during the 2005-07 biennium.

**IV) SPECIAL LANGUAGE**

**DEPARTMENT:**

**EQUALIZATION OF PERSONAL PROPERTY MILLAGE:** Authorizes the Department and Assessment Coordination Department to identify schools affected by the Amendment 79 provision to equalize millage and calculate lost revenue. These districts are to receive funding equal to the loss in revenues. This funding is to be considered unrestricted revenue.

**TURNBACK FUNDS:** Provides that allows various named Federal turn-back funds in the State Treasury are to be transferred to the Department of Education Public School Fund Account when the eligible county and/or school district cannot be identified and used for any lawful school purpose.

**CARRY FORWARD (YEAR-END FUND BALANCE):** Authorizes the Department of Education to carry forward its General Revenue Fund Balances in the Department of Education Fund Account at the end of a fiscal year. Requires prior statement of need, report to ALC or Joint Budget Committee (JBC) of all carried forward amounts, report of status of funds carried forward to ALC/JBC, and finally include all of the above information in the biennial budget manuals or a statement of non-compliance.

**SALARY OF THE DIRECTOR OF THE DEPARTMENT OF EDUCATION:** Provides that the Director is not to receive outside salary or payments for personal services for any reason and requires the Director to devote all of his/her working time to the performance of the duties of the Director of ADE. This language does not prohibit the Director from accepting or receiving expense reimbursements and employee benefits as provided in State Law.

**ESTABLISHMENT OF A "POSITION POOL":** Establishes 25 non-classified positions not to exceed \$125,000 and 25 classified positions at up to a grade 26. Requires the Department to compare any proposed additions or adjustments to similar employees in school districts or other state education agencies. Authorizes the positions to be used upon determination of the Director of ADE, and requires quarterly reports justifying and accounting for the use of the positions. Any pool positions the Department would like to continue in the next biennium must be requested as new positions in the biennial budget request.

**EXCEPTIONS TO MAXIMUM SALARY LEVELS:** The Department may exceed the maximum salary level by 25% for the positions listed. Classifies the legislative review language as non-severable language, and if the review is ruled unconstitutional then the entire section is void.

**EXCEPTIONS TO MAXIMUM SALARY LEVELS:** Authorizes the Department to exceed the maximum salary level by no more than 25% for specified positions for

the purposes of recruitment and retention.

**PROVIDES FOR THE DELETION OF THE FOLLOWING SECTIONS OF LANGUAGE:**

**FEASIBILITY STUDY:** Requires the Department to fund a study costing up to \$250,000 to evaluate and determine whether the Pulaski County School District should continue in existence and to specifically address four areas pertaining to desegregation and unitary status. Required the contract for the completion of the study to be signed no later than October 31, 2005.

**PULASKI ALTERNATIVE LEARNING ACADEMY PUBLIC CHARTER SCHOOL:** Requires any appropriation and General Improvement Funds made available to this charter schools shall first be made available by the Department to the Little Rock School District for allocation to the School.

**CARRY FORWARD:** Provides for the carry forward of appropriation provided for Enhanced Professional Development Programs from the first to the second year of the biennium as authorized in the First Extraordinary Session of 2006.

**PROFESSIONAL DEVELOPMENT AND FINANCIAL REPORTING FUNDING TRANSFERS**

**AUTHORIZED (Act 20, 1st Extra. Session 2006):** Authorizes the transfer of \$475,762 from the unobligated balances of the General Improvement Fund to the Department of Education Fund Account for Enhanced Professional Development Programs, and \$500,000 from the same source to the Department of Education Fund Account for the development of uniform financial reporting requirements. Requires repayment of these transfers to the General Improvement Fund from the fund balances of the General Revenue Allotment Reserve Fund. Also deletes another section of language described below which required the repayment for the Professional Development from the Public School Fund instead.

**FEASIBILITY STUDY:** Restates the Feasibility Language described above, except that it removes the \$250,000 maximum for the cost.

**PROFESSIONAL DEVELOPMENT AND FINANCIAL REPORTING FUNDING TRANSFERS**

**AUTHORIZED (Act 36, 1st Extra. Session 2006):** Authorizes the transfer of \$475,762 from the unexpended balances of the Public School Fund to the Department of Education Fund Account for Enhanced Professional Development Programs instead of from unobligated balances of the General Improvement Fund.

**MEDICAID ADMINISTRATION CLAIMING LIMITATIONS AND REPORTING:**

Prohibits the use of Medicaid Administration Claiming funding for coercing, influencing, or creating incentives to select or deselect Medicaid providers and requires the Department to report to the House and Senate Education Committees on the use of these funds. Places limitations on the expenditure of funds for the Medicaid Administration Claiming appropriation which is federally funded by the Centers for Medicare and Medicaid Services and is authorized at \$15 million each year. This language is provided in both Acts 318 and 1420 of 2007.

**PUBLIC SCHOOL FUND:**

**DISBURSEMENT PROCEDURES:** Requires State Board of Education to develop rules and regulations for disbursement of General Improvement Funds to meet the statutory nurse to student ratio of one nurse to 750 students found in ACA§6-18-706.

**Provides for the deletion of the following section due to the transfer being completed.**

**FUNDING TRANSFER:** Required transfer of \$350,000 from the Federal Fiscal Relief Fund to the Public School Fund Account for Consolidated School Debt Relief Program.

**FUND ALLOCATION:** Requires that funding not needed for the Isolated Funding appropriation be transferred to the Special Needs Isolated Funding appropriation.

**GRANTS TO SCHOOL DISTRICTS:** Defines school districts eligible to receive these grants as districts that contract with a district in an adjoining state for the education of pupils within Arkansas due to separation of where the students live and where the remainder of the district is located. The grants are to reimburse these districts for the expense of educating students in the separated portion of the district.

**SPECIAL EDUCATION SERVICES:** Requires Special Education Services funds to be used for extended year summer programs for handicapped students, special education services for foster children, and payment of salaries of special education supervisors.

**Provides for the deletion of the following language.**

**RETIREMENT MATCHING:** Requires the local school districts beginning with the 1996-97 school year to pay the teacher retirement employer contribution rate as established by the Teacher Retirement Board of Directors and requires the payment of employer matching for employees of Arkansas Easter Seals.

**DESEGREGATION EXPENSES:** Requires the Department to certify the amounts needed for desegregation expenses under any "Desegregation Settlement Agreement" to the Treasurer of State and the Chief Fiscal Officer, and requires the State Treasurer to deduct these certified amounts from net general revenue and make them available to the Department for the purpose of paying for desegregation expenses.

**CONSOLIDATION INCENTIVE:** Requires appropriation allocations for Consolidation Incentive to adhere to rules and regulations established by the Board of Education.

**RESIDENTIAL CENTERS/JUVENILE DETENTION:** Requires appropriation allocations for Residential Centers/Juvenile Detention to adhere to rules and regulations established by the Board of Education.

**Moved the following section of language to the ADE Operations**

**Appropriation Act due to the transfer of the Appropriation:**

**LEADERSHIP ACADEMY:** The appropriation for the Leadership Academy will be used for the School Support Program which provides support to schools or school districts designated by the Department of Education as being in school improvement status and to provide for general operations of the Leadership Academy.

**TRANSFER AUTHORITY:** Authorizes appropriation transfers and other related budget adjustments as necessary with Chief Fiscal Officer approval and prior Arkansas Legislative Council approval. Classifies the legislative approval language as non-severable and makes the entire section void if the legislative approval provision is found to be unconstitutional.

**ARKANSAS/STRIVE PROGRAM TRANSFER:** Requires a \$200,000 transfer each year from the Department's Public School Fund Account to UALR for the Arkansas/STRIVE Program, and further requires that these funds shall not be subject to any indirect cost charges by UALR.

**ASSESSMENT/END OF COURSE TESTING:** Authorizes up to \$500,000 of



Assessment/End of Course Testing appropriation to be used to provide staff development on the stated content areas. Changed the title of the Appropriation "Assessment/End of Level Testing" to "Assessment/End of Course Testing."

**AETN DOCUMENTED QUIZ BOWL COSTS:** Allows AETN to receive up to \$40,000 of the total appropriation and funds for Quiz Bowl to recover AETN costs.

**INTERVENTION BLOCK GRANTS RESTRICTION:** States amounts to be distributed for the Quiz Bowl (\$100,000), Odyssey of the Mind (\$13,500), Destination Imagination (\$13,500) and History Day (\$5,000) from the Intervention Block Grants line item, and requires the Department to fund these allocations with general revenue. Updated the name of "Odyssey of the Mind" to "Creativity in Arkansas, Inc."

**EAST FUNDING PROVISION:** Requires 18% or \$1,000,000, whichever is greater, of the Technology Grants appropriation to be awarded through a grant or a professional services contract for Environmental and Spatial Technologies (EAST) infrastructure, personnel, and operating expenses.

**EXPLOR-NET FUNDING PROVISION:** Requires \$187,575 in General Revenue be allocated through the Technology Grants appropriation to the Explor-Net Program to teach students computer repair in a hands-on environment.

**Moved the following section of language to the ADE Operations**

**Appropriation Act due to the transfer of the Appropriation:**

**ARKANSAS LEADERSHIP ACADEMY - REDUCTION OF FUNDS RESTRICTION:** Funding reductions to the Dept. of Education Fund Account will result in a like percentage reduction to the funding for the Arkansas Leadership Academy.

**DISTRESSED SCHOOL DISTRICT SUPPORT:** The Department may expend some of the funds appropriated for Distressed School District Support for technical assistance or programs to districts in academic distress, and provides that the money may be used for teacher specialists, principal specialists, other personnel assigned by the Department, research-based technical assistance programs. Alternate staffing and compensation programs must be approved by at least a majority of the teachers in the school, schools, or district participating.

**CARRY FORWARD - CONTENT STANDARDS CURRICULUM FRAMEWORKS:** Allows the carry forward of unexpended appropriation for Content Standards Curriculum Frameworks from the first to the second year of the biennium. Requires prior statement of need, report to ALC or Joint Budget Committee (JBC) of all carried forward amounts, report of status of funds carried forward to ALC/JBC, and finally include all of the above information in the biennial budget manuals or a statement of non-compliance.

**Provides for the deletion of language amending ACA § 6-15-202 due to its codification:** The language provides a listing of statutory requirements for which school districts must file a written statement indicating their district's compliance.

**Provides for the deletion of language amending ACA § AMEND 6-16-804 due to its codification:** The language authorizes one-time equipment and instructional materials grants for districts providing an Advanced Placement Course, awards for each AP test score of three (3) or better, subsidized teacher training for AP courses, and state payments for AP tests with all students taking the AP tests or returning the state payment for tests. Authorizes the Department to promulgate rules and regulations to implement these provisions.

**Provides for the deletion of language amending ACA § AMEND 6-15-204 (B) (2) due to its codification in ACA §6-15-1004(c) (2) (C):**

**The amendment to ACA §6-15-204(B) (2):** Allowed College Board and Educational Testing Service training to be counted as professional development up to a maximum of 30 hours.

**PROFESSIONAL DEVELOPMENT:** Allows the Dept. of Education to use up to \$4M each year of the Appropriation authorized for professional development to develop statewide professional development support systems for teachers.

**RETIREMENT MATCHING:** Requires districts to pay teacher retirement employer contribution rates for eligible employees in accordance with rules of the Teacher Retirement Board and requires the Department to provide the employer matching for employees of the Education Cooperatives, Vocational Centers, Arkansas Easter Seals and the Department of Correction School.

**HEALTH INSURANCE:** Requires districts to pay a minimum of \$61 for the health insurance contribution rate as established by 6-17-1117 for each eligible employee electing to participate in the Public School Employee Health Insurance Program. The appropriation provided to the Department is also to be used to provide the state contribution for employees of the Education Cooperatives, Vocational Centers and the Department of Correction School. Further requires the Department to transfer in eleven equal installments to the Employee Benefits Division, the full \$35 million provided to the Department for the health insurance program. (These changes were enacted by Sections 32 and 33 of Act 1420 of 2007 (SB262)).

**BETTER CHANCE PROGRAM ADMINISTRATIVE FEES:** Authorizes the Department of Education to expend a maximum of 2% of the Better Chance Funding to administer the program and monitor grantees, and to contract with DHHS-Division of Child Care and Early Childhood Education to administer the program. With the further requirement that DHHS - Division of Child Care and Early Childhood Education must receive prior review and approval by ALC/JBC before spending the final .2% of the maximum 2% of the Arkansas Better Chance Program funds that are allowed to be spent on administration of the program.

**CHARTER SCHOOL FUNDING RESTRICTIONS:** Restricts the Department to fund only charter schools in a traditional public school setting from State monies and if internet learning technology is used it is to supplement a traditional classroom setting.

**Deletes the following language:**

**SUPPLEMENTAL MILLAGE:** Allows schools to receive supplemental millage incentive funding if they raised their maintenance and operating millage beyond 25 mills during the 2004-05 school year and the district's property assessment is below the state average per student even if they haven't previously received debt service funding.

**Provides for the deletion of Language Amending 19-5-1227 and 19-5-1227(d) due to their codification.** This language provides a "doomsday clause" provision whereby all General Revenue funds except Public School Fund and the Educational Facilities Partnership Fund are reduced proportionately upon certification by the Chief Fiscal Officer that the Public School Fund and Educational Adequacy Fund do not have adequate balances to provide an adequate educational system.

**Provides for the deletion of the following language due to the completion of the requirements of the language.** The language provides for a fund transfer of \$12,756,199 in FY06 and of \$56,125,000 for FY07 for Foundation Funding, Special Needs Isolated and Declining Enrollment District Funding, and further establishes a repayment provision whereby these transfer amounts are to be repaid to the General Improvement fund from either the Public School Fund using Educational Adequacy Fund transfer funding above a certain level or the General Revenue Allotment Reserve Fund.

**Provides for the deletion of the following language:**

**DECLINING DISTRICTS AND SPECIAL NEEDS ISOLATED FUNDING RESTRICTIONS.**

Allows funds to be transferred from the Educational Adequacy Fund for needs above \$10 million unless additional funds are available from the Special Needs Isolated Program. Further provides that funds remaining for declining enrollment funding or special needs isolated funding shall be prorated and distributed equally per average lost student to school districts that meet the qualifications for both declining enrollment funding special needs isolated funding. In addition, the language asserts that the \$10 million for declining enrollment and \$3 million for special needs isolated with the authorized transfer authority adequately provide for these 2 programs. Last, it provides that districts receiving special needs isolated funding do not need full declining enrollment funding, and these districts may receive additional funding only if available.

**AVERAGE TEACHER SALARY:** Requests the Department to calculate an average teacher salary without extra duty funds and in accordance with the National Education Association definitions.

**CARRY FORWARD - ARKANSAS BETTER CHANCE:** Language authorizes the Department to carry forward unexpended funding allocated for the Better Chance Program at the end of each fiscal year. Requires prior statement of need, report to ALC or Joint Budget Committee (JBC) of all carried forward amounts, report of status of funds carried forward to ALC/JBC, and finally include all of the above information in the biennial budget manuals or a statement of non-compliance.

**REPEALS ARKANSAS CODE §6-17-1117(B): ACA §6-17-1117** prohibited the use of unexpended balances of the funds allocated for the Public School Employee Health Insurance Program for any other purpose.

**FUND TRANSFER:** Provides a transfer of \$21,703,790 from the General Revenue Allotment Reserve Fund to the Public School Fund to fund the 98% URT Actual Collection Adjustment. Section 31 of Act 1420 of 2007 adds a statement that the General Assembly is committed to insuring each school district receives the full amount of foundation funding, and intends to provide General Revenue in the next biennium for the 98% URT Collection Adjustment based on proposed efficiencies to the URT collection process made by the Division of Legislative Audit.

**FUND TRANSFER - PULASKI COUNTY DESEGREGATION CASE COSTS:** Section 34 of Act 1420 of 2007 provides a \$750,000 fund transfer from the Public School Fund to the Department of Education Fund Account for Pulaski County Desegregation Case Costs on July 1, 2007. The funds may be expended upon certification by the Commissioner of the Department of Education and prior approval by the Chief Fiscal Officer of the State.

The Public School Fund will receive a \$750,000 fund transfer from the Budget Stabilization Trust Fund if the funds balance is less than \$20 million on July 1, 2007. Section 35 of Act 1420 of 2007 provides a total fund transfer of \$210,000 to the Department of Education Fund Account from the 85th Session Projects Account for the Desegregation case costs as well.

**ALTERNATIVE LEARNING ENVIRONMENT** - Section 36 of Act 1420 of 2007 provides that the Department may provide funding for Alternative Learning Environment Programs in excess of the 6 hour regulatory limitation if a program operates more than 12 hours per day, in a proportionate manner and upon special request.

**TEACHER HOUSING DEVELOPMENT** - Section 37 of Act 1420 of 2007 requires the Teacher Housing Development Program be fully funded and be reduced only proportionally for decreases in the Official Revenue Forecast.

**OPEN ENROLLMENT VIRTUAL CHARTER SCHOOL FUNDING RESTRICTIONS** - Section 38 of Act 1420 of 2007 deletes the Charter School Funding Restriction found in Section 24 of Act 229 of 2007. Its provisions are intended to stop the practice of school districts receiving foundation funding for students participating in a federally funded virtual school. It further requires the Department to notify the State Board of Education of the number of students that had been participating in the federal program and for which a school district had been receiving foundation funding prior to School Year 2007 08. In addition, it requires that this number becomes the maximum number of students for which foundation funding may be provided for open-enrollment charter schools using internet, long-distance or virtual technology as the primary teaching method. The number of students may be increased by the Board , up to 500, however, if savings from the closure of open-enrollment charter schools are realized.

**"END-TO-END" SECURITY REVIEW/ASSESSMENT:** Section 39 of Act 1420 of 2007 provides a \$300,000 fund transfer from the General Revenue Allotment Reserve Fund for the completion of an Arkansas Public School Computer Network "End-to-End" Security Review/Assessment.

Rev. April 2007