

DEPARTMENT OF EDUCATION
GENERAL OPERATIONS & PUBLIC SCHOOL FUND
(AGENCY #500) - 2009-11 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 appropriation is \$1,094,256,985 for FY2010 and \$771,252,017 for FY2011 which is an increase of \$328.3 million and \$4.9 million, respectively, and the general revenue funding is \$19,799,390 for FY2010 (with \$4 million to be transferred to the Public School Fund) and \$16,109,628 for FY2011. After the Public School Fund transfer these general revenue amounts are a continuation of the base level.

Public School Fund: Total appropriation is \$2,657,515,469 for FY2010 and \$2,641,362,415 for FY2011 which is an increase of \$89.5 million and \$73.3 million, respectively. The general revenue, exclusive of desegregation funding is \$1,885.5 million for FY2010 and \$1,896.3 million for FY2011, which is an increase of \$27.8 million and \$38.6 million, respectively. In addition, a fund transfer of \$7 million from the General Revenue Allotment Reserve Fund to the Public School Fund Account is provided for FY2010 for the At-Risk line item for the expansion of the College Preparatory Enrichment Program (CPEP).

FUNDING SOURCE

Department: The budget is funded by federal revenue (93% - FY2010 and 90% - FY2011), general revenue/Educational Excellence Trust Fund/Educational Adequacy Fund(2%- FY2010 and 3% - FY2011), cash funds (2% - FY2010 and 3% FY2011), and trust funds and fund balances (3% - FY2010 and 4% - FY2011).

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:

FISH AND WILDLIFE CONSERVATION (APPROPRIATION 1XY)

This appropriation is funded by Game and Fish Commission fines which are passed through the Department of Education to the counties in which they were collected to fund educational programs. The total appropriation is \$800,000 each year for grants and aid which is an increase of \$100,000 each year which is needed for potential increases in fine collections.

FEDERAL GRANTS ADMINISTRATION (APPROPRIATION 435)

This appropriation is funded by federal indirect cost charges and is used to provide administration, accounting, purchasing, and record keeping for federal programs. The total appropriation is \$812,233 for FY2010 and \$825,480 for FY2011, which is an increase of \$101,516 and \$103,707, respectively, for Salaries and Matching costs. This increase is to be used to continue a pool position, Education Budget Manager - Grade C125, to assist with fiscal and administrative services.

PROFESSIONAL STANDARDS AND LICENSURE BOARD (PSLB) (APPROPRIATION 56P)

This is a new cash appropriation in the amount of \$1,070,042 for FY2010 and \$899,315 for FY2011 and is needed to allow the PSLB to continue to fulfill its responsibilities of creating a code of ethics, developing requirements for initial or additional licensure, investigating possible ethics violations, and to audit licensure programs of study at institutions of higher education as required by Act 846 of 2007. This appropriation is funded by licensure fees and fines generated by the PSLB.

TEACHER HOUSING DEVELOPMENT OPERATIONS (APPROPRIATION 56U)

This is a cash appropriation transferred from the Teacher Housing Development Foundation to the Department of Education in the amount of \$224,746 for FY2010 and \$226,688 for FY2011. The appropriation is to be used to implement and administer Housing Incentive Programs to recruit and retain high performing teachers in high priority school districts. This appropriation is funded by a grant from the Arkansas Department of Education, donations, and other grants.

STATE OPERATIONS APPROPRIATION (620)

This appropriation is funded by General Revenue, Educational Excellence Trust Funds, the Educational Adequacy Fund, and fund balances, and provides resources for the operational costs of ADE. The total appropriation authorized for State Operations is \$23,232,931 for FY2010 and \$23,543,169 for FY2011 which includes an increase of \$100,000 each year in unfunded appropriation for capital outlay which is a restoration of the FY2009 authorized level and will allow the Department to purchase needed capital equipment items.

CHILD NUTRITION - FEDERAL (APPROPRIATION 637)

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, and also is used to promote nutrition education by conducting courses in methods and materials for teaching nutrition education. The total appropriation is \$168.7 million for FY2010 and \$167.05 million for FY2011 with the following increases:

Regular Salaries & Matching - An increase of \$144,128 for FY2010 and 2 positions to continue Miscellaneous Federal Grant appropriation and positions authorized for the Fresh Fruits and Vegetables and Team Training programs.

Operating Expenses - An increase of \$24,000 for FY2010 to continue Miscellaneous Federal Grant appropriation and positions authorized for the Fresh Fruits and Vegetables and Team Training programs.

Capital Outlay - An increase of \$40,000 each year to restore the FY2009 authorized appropriation and allow the Department to purchase necessary capital equipment.

American Recovery and Reinvestment Act of 2009 (ARRA) - An increase of \$1.25 million for FY2010 to provide for ARRA funding to be received by the Child Nutrition program.

FEDERAL TURNBACK FOR SCHOOLS (APPROPRIATION 639)

This appropriation is funded by federal turnback funds collected by federal agencies on land they own and forwarded to the Department of Education. The Department then returns these funds to the school districts in which the federal land is located to help them cover lost property tax revenue. The total appropriation is \$20 million for FY2010 and \$13 million for FY2011 which is an increase of \$9 million and \$2 million, respectively. The increase is needed due to FY2009 increased collections and the need to insure adequate appropriation is available.

FEDERAL ELEMENTARY AND SECONDARY EDUCATION (APPROPRIATION 650)

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 \$838.4 million for FY2010 and \$523.85 million for FY2011 with the following increases:

Capital Outlay - An increase of \$160,000 each year to restore the FY2009 authorized level and allow the Department to purchase any needed capital equipment.

American Recovery and Reinvestment Act of 2009 (ARRA) - An increase of \$314.6 million for FY2010 due to projected ARRA funding to be received from the U.S. Department of Education.

MULTIPLE GRANT AWARD PROGRAM (APPROPRIATION 885)

This Appropriation is funded by grants from private individuals or foundations and is used to administer approximately 16-20 grant funded programs each year. The total appropriation is \$2.636 million each year which is an increase of \$10,000 for capital outlay for possible equipment needs.

ALTERNATIVE CERTIFICATION PROGRAM (APPROPRIATION 899)

This appropriation is funded by a fee charged for training workshops and is used to pay workshop expenses. The total appropriation is \$1,349,212 each year which includes a

total increase of \$301,500 each year for the following purposes:

Operating Expenses - An increase of \$200,000 each year for refunds of fees to participants.

Conference & Travel Expenses - An increase of \$1,500 each year for cost of sending two program advisors to two Alternative Certification national meetings.

Grants and Aid - An increase of \$100,000 each year due to anticipated growth in the program.

PULASKI COUNTY DESEGREGATION CASE COSTS (APPROPRIATION 35U)

Continues an appropriation for the Pulaski County Desegregation Case Costs in the amount of \$960,923 each year of the biennium.

PUBLIC SCHOOL FUND (PSF):

The PSF provides the primary state financial assistance to Arkansas' public elementary and secondary schools. The total appropriation is \$2,657,515,469 for FY2010 and \$2,641,362,415 for FY2011 which is an increase of \$89.5 million and \$73.3 million, respectively. The increases are described below:

Appropriation	FY2010 Increase	FY2011 Increase
Smart Start/Smart Step	\$205,042	\$414,185
The ADE makes grants to Educational Service Cooperatives for math, literacy and science specialists. This increase will provide for a 2% increase in salaries and benefits each year for the personnel supported by this program.		

Appropriation	FY2010 Increase	FY2011 Increase
At Risk	\$3,627,530	\$198,030
This appropriation provides for the College Preparatory Enrichment Program (CPEP). This increase is for the expansion of the CPEP program and for the additional cost of allowing schools to utilize the At-Risk program for the Preliminary SAT/National Merit Scholarship Qualifying Tests as well as or instead of the Explore and Plan programs for preparation for the ACT.		

Appropriation	FY2010 Increase	FY2011 Increase
State Foundation Funding Aid (SFF)	\$3,374,221	\$12,784,514
SFF is the amount of state financial aid provided to school districts on a per Average Daily Membership (ADM) basis. The increase provides for a 2% increase of the per ADM rate from \$5,789 to \$5,905 in FY2010 plus an additional \$35 for enhanced Foundation funding, and a 2% increase in the per ADM rate for FY2011 to \$6,023. This increase also provides for an increase in the school district's ADM by 585 each year and an increase in the Open Enrollment Charter School's ADM by 1,894 in FY2010 and an additional increase of 1,433 in FY2011. This increase also is based on a 4.5% projected growth in property assessment values.		

Appropriation	FY2010 Increase	FY2011 Increase
National School Lunch Student Funding	\$3,928,573	\$1,500,000
Funding for the NSL program is provided based on the percentage of total students that are eligible for free or reduced-price lunch programs. Those schools with 90% or greater NSL students receive \$1,488 per student. Those schools with at least 70% but less than 90% NSL students receive \$992 per student. Those schools with less than 70% NSL students receive \$496 per student. The increase is needed to provide for an anticipated increase in the number of students.		

Appropriation	FY2010 Increase	FY2011 Increase
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Professional Development Funding	\$200,776	\$0
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This is a formula driven program that provides \$50 per previous year Average Daily Membership (ADM) student to School Districts to provide activities and materials to improve the knowledge of teachers, administrators, and paraprofessionals. This increase is not due to an increase in the per ADM funding rate of \$50, but rather is due to a projected increase of 585 in the ADM for FY10. Note: Special Language allows the Department of Education to use up to \$4 million of the appropriation and funding authorized for Professional Development (PD) for statewide PD support systems. The effect of this provision reduces the per ADM amount each district receives for Professional Development.

Appropriation	FY2010 Increase	FY2011 Increase
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Distance Learning Operations	\$4,500,000	\$4,500,000
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Grants funded by this appropriation are to be used to acquire and/or lease equipment and telecommunications services and pay expenses for a two-way interactive television for distance learning education. This increase is required due to a change in the E-Rate methodology between the Department of Education and the Department of Information Systems.

Appropriation	FY2010 Increase	FY2011 Increase
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School Funding Contingency	\$25,000,000	\$25,000,000
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This is an unfunded appropriation that is used to address unforeseen problems or needs. The Department must receive Chief Fiscal Officer and Arkansas Legislative Council prior approval before using this appropriation.

Appropriation	FY2010 Increase	FY2011 Increase
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98% URT Actual Collection Adjustment	\$11,098,476	\$12,239,996
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This appropriation is used to ensure that school districts receive the full 98% of the Uniform Rate of Tax and the total appropriation authorized is \$25,367,101 for FY2010 and \$26,508,621 for FY2011, which is an increase of \$11,098,476 for FY2010 and \$12,239,996 for FY2011. This increase is based on the FY2008 collection rate of 95.3%. A total of \$22,367,101 for FY2010 and \$23,508,621 for FY2011 in general revenue funding is required to fund the total appropriation due to the program being funded primarily by a fund transfer from the General Revenue Allotment Reserve Fund in the 2007-2009 biennium.

Appropriation	FY2010 Increase	FY2011 Increase
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Department of Correction	\$300,000	\$450,000
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This appropriation provides for the cost of implementing and operating school programs in the Corrections School System. This increase is for additional personnel, supplies, equipment and textbooks to add programs at Malvern and Pine Bluff facilities. In addition, this request provides a 2% Cost of Living Adjustment for existing staff salaries.

Appropriation	FY2010 Increase	FY2011 Increase
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Residential Centers/Juvenile Detention	\$1,672,023	\$0
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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 increase will provide funding for an additional 51 beds at the Benton County and White

River Juvenile Detention Centers, 83 additional beds at Arkansas State Hospital (Little Rock), Piney Ridge (Forrest City), Centers (Monticello), and Methodist (Bono) Residential Facilities, and an additional 30 residential beds authorized for this program by the Department of Human Services - Division of Children and Family Services.

Appropriation	FY2010 Increase	FY2011 Increase
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Nat'l Board of Professional Teaching Standards	\$1,382,340	\$0
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This appropriation provides bonuses to National Board Certified Teachers (NBCT), participation fees and substitute pay required for candidacy, and a support system for those candidates. This increase is due to an estimated increase of 25 additional Starting Bonus Recipients and an additional 200 Yearly Bonus Recipients in FY2010.

Appropriation	FY2010 Increase	FY2011 Increase
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Surplus Commodities	\$397,858	\$150,000
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The Department provides funding to transport surplus commodities provided to school districts through the Department of Human Services' Surplus Commodities Program. This increase is required to allow DHS to continue to administer this program.

Appropriation	FY2010 Increase	FY2011 Increase
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Grants to School Districts	\$17,856	
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This appropriation provides reimbursement for expenses of a school district to contract with a school district in an adjoining state for the education of Arkansas students living in a portion of the school district that is separated by a reservoir covering at least 12,000 acres and having to be transported more than 35 miles round trip. It is anticipated that there will be additional reimbursement required for FY2010.

Appropriation	FY2010 Increase	FY2011 Increase
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Gifted & Talented	\$28,458	\$57,485
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This appropriation provides salary support for 15 Gifted & Talented supervisors located in the Cooperatives, funds the Arkansas Governor's School, Outstanding Gifted Programs awards, and an annual contribution to the Arkansans for Gifted and Talented Education Conference. This increase provides for a 2% cost of living adjustment for program personnel.

Appropriation	FY2010 Increase	FY2011 Increase
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Better Chance Program	\$2,775,000	\$5,619,375
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This appropriation provides early childhood programs for educationally deprived children ages 3 to 5. This increase will provide a 2.5% increase for the program as requested by the Department of Human Services Child Care Division.

Appropriation	FY2010 Increase	FY2011 Increase
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Ark. Public School Computer Network (APSCN)	\$8,607,563	\$10,435,883
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The APSCN provides a statewide data communication network that connects all Arkansas public school systems and the Educational Service Cooperatives with the Department. Schools, district offices and Cooperatives use APSCN to process financial and student data. The increase is for:- Additional band width (FY2010 - \$1,207,563 FY2011 - \$2,535,883), - Implementation of a Teacher Access Center (TAC) to provide a classroom administration and parent communication system and a Home Access Center (HAC) to provide parents and guardians helpful information to support and guide their children (FY2010 - \$500,000 FY2011 - \$1,000,000), - Unfunded capital outlay appropriation (\$200,000

each year)- Additional operating expenses due to a change in which APSCN will receive E-rate credits and pay the entire Department of Information Systems charges (\$6.7 million each year).

Appropriation	FY2010 Increase	FY2011 Increase
Intervention Block Grants	\$90,000	\$0

This appropriation provides funding as allocated by special language to Quiz Bowl - \$100,000, Creativity in Arkansas, Inc. - \$13,500, Destination Imagination - \$13,500, State History Day Competition - \$100,000. The appropriation amount for FY2010 provides a \$90,000 increase for the State History Day Competition.

Appropriation	FY2010 Increase	FY2011 Increase
Early Childhood Special Education	\$306,335	\$0

This appropriation provides base funding for special education services through local education agencies for 11,500 three to five year old preschool children with disabilities. This increase represents a 2% increase to cover increases for salaries and benefits for personnel supported by the Special Education Early Childhood Education program.

Appropriation	FY2010 Increase	FY2011 Increase
Coordinated School Health (CSH)	\$3,000,000	\$0

This new appropriation will be used to provide school districts funding to hire and support a person to coordinate the non-academic programs and services children need to succeed academically, to financially support school districts in the implementation of CDC/DASH model of Coordinated School Health, and to provide financial support for a state level office of CSH.

Appropriation	FY2010 Increase	FY2011 Increase
School Facility Joint Use Support	\$1,000,000	\$0

This is a new appropriation to help communities create Joint Use Agreements for school facilities to provide a location that can be used to increase community and family physical activity.

Appropriation	FY2010 Increase	FY2011 Increase
Additional Public School Employee Health Insurance	\$15,000,000	\$0

This new appropriation provides \$15 million in appropriation for additional public school employee health insurance contributions, and has a funding provision that the Department will pay up to a maximum of \$15 million in quarterly installments to EBD for health insurance contributions based on the amount the Uniform Rate of Tax (URT) funding value, which is used in the State Foundation Funding Formula, exceeds \$920,731,819.

Appropriation	FY2010 Increase	FY2011 Increase
Smart Core Incentive Funding	\$3,000,000	\$0

This is a new appropriation to provide financial incentives to public high schools for encouraging students to complete the Smart Core curriculum.

Appropriation	FY2010 Increase	FY2011 Increase
International Baccalaureate Program	\$ 75,000	\$0

This is a new appropriation to provide funding to International Baccalaureate Programs in School Districts.

Appropriation	FY2010 Increase	FY2011 Increase
Speech Language Pathologist Incentive Bonuses	\$2,500,000	\$0

This is a new appropriation to provide up to \$5,000 incentive bonuses to certified

speech-language pathologists.

III) ADDITIONAL POSITIONS

DEPARTMENT:

Total positions for the 2009-11 biennium: 365

(30 Pool Positions authorized - 25 Classified and 5 non-classified)

Total positions for the 2007-09 biennium: 348

(50 Pool Positions authorized - 25 Classified and 25 non-classified)

Increase/(Decrease): 17 Regular Positions

(20) Pool Positions

1 Education Budget Manager Gr C125 - Fed Grants Admin Appropriation (continuation of a pool position)

1 Teacher Housing Development Cmsn Director Grade N901 (transfer from separate agency)

4 Positions for the Child Nutrition Program

11 new positions for the Professional Licensure Standards Board

PUBLIC SCHOOL FUND:

Education Renewal Zones:

Total positions for the 2009-11 biennium: 5

Total positions for the 2007-09 biennium: 5

Increase/(Decrease): 0

APSCN:

Total positions for the 2009-11 biennium: 46

Total positions for the 2007-09 biennium: 46

Increase/(Decrease): 0

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

ESTABLISHMENT OF A "POSITION POOL": Establishes a pool of 5 non-classified positions not to exceed \$125,000 and a pool of 25 classified positions at up to a grade C130. 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 Commissioner 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. Classifies the legislative review language as non-severable and makes the entire section void if the legislative review provision is found to be unconstitutional.

DELETES THE FOLLOWING "EXCEPTIONS TO MAXIMUM SALARY LEVELS" LANGUAGE: Authorizes the Department to exceed the maximum salary level by no more than 25% for specified positions for the purposes of recruitment and retention. 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 LEADERSHIP ACADEMY - REDUCTION OF FUNDS RESTRICTION": Limits the funding reductions to the Arkansas Leadership Academy appropriation to the average percentage reduction in the other appropriations made to the Department of Education Fund Account.

LEADERSHIP ACADEMY: Requires 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.

DELETES THE FOLLOWING "MEDICAID ADMINISTRATION CLAIMING LIMITATIONS AND REPORTING" LANGUAGE: 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.

DELETES THE FOLLOWING "FUNDING TRANSFER" LANGUAGE DUE TO TRANSFER BEING COMPLETED: 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. Also adds 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.

DELETES 2 SECTIONS RELATING TO PUBLIC SCHOOL EMPLOYEE HEALTH INSURANCE DUE TO THEIR PROVISIONS BEING CODIFIED. THE SECTIONS MAKE THE FOLLOWING PROVISIONS: 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.

FUND TRANSFER: PULASKI COUNTY DESEGREGATION CASE COSTS: Section 34 of Act 1420 of 2007 provided 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. Section 34 of Act 1420 provided \$210,000 in fund transfers and Section 91 of Act 1290 of 2007 also provided \$20,000 for Desegregation Case Costs. This section provides that any unexpended balances of funds transferred to the Department of Education Fund Account during the 2007-09 biennium for desegregation case costs shall be used exclusively to provide funds for case costs incurred by the Department of Education and the three

Pulaski County School Districts under Arkansas Code §6-20-415 - §6-20-416. 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.

DELETES FUND TRANSFER LANGUAGE PROVIDED IN SECTION 35 OF ACT 1420 OF 2007 WHICH TRANSFERRED UNUSED GENERAL IMPROVEMENT FUNDING FOR PULASKI COUNTY CASE COSTS DUE TO TRANSFERS BEING COMPLETED.

DELETES THE FOLLOWING "TEACHER HOUSING DEVELOPMENT" LANGUAGE: Requires the Teacher Housing Development Program be fully funded and be reduced only proportionally for decreases in the Official Revenue Forecast.

DELETES THE FOLLOWING LANGUAGE DUE TO TRANSFER BEING COMPLETED:

"END-TO-END" SECURITY REVIEW/ASSESSMENT: 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.

STATE FUND RESTRICTIONS: Reiterates that no state funds shall be used for abortion referral or services, and further states that the funds shall be expended in accordance with ACA §6-18-703 regarding school-based health clinics.

PUBLIC SCHOOL FUND:

FUNDING TRANSFER: Provides for a July 1, 2009, \$7 million fund transfer for FY10 from the General Revenue Allotment Reserve Fund to the Public School Fund Account for the expansion of the College Preparatory Enrichment Program.

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

FUND ALLOCATION: Requires that any appropriation and funding not needed for the Isolated Funding appropriation be transferred to the Special Needs Isolated Funding appropriation and the funding is to be used to fund Arkansas Code 6-20-604 subsections (c) - (f) on a pro-rata basis until funds are exhausted or subsections are fully funded. Also provides that if any funding and appropriation remain after funding ACA §6-20-604 (c)-(f) the remaining balance shall be used to fund the provisions of ACA §6-20-604 (h) on an equal basis until all funds are exhausted.

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, and payments are limited to the available appropriation.

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.

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.

TRANSFER AUTHORITY: Authorizes a maximum of two appropriation transfers and other related budget adjustments per fiscal year as necessary with Chief Fiscal Officer approval and prior Arkansas Legislative Council or Joint Budget Committee 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.

DELETES THE FOLLOWING "ASSESSMENT/END OF COURSE TESTING" LANGUAGE: Language authorizes up to \$500,000 of Assessment/End of Course Testing appropriation to be used to provide staff development on the stated content areas.

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 (\$100,000) from the Intervention Block Grants line item, and requires the Department to fund these allocations with general revenue.

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.

CENTER FOR QUALITY TEACHING AND LEARNING (CURRENTLY KNOWN AS EXPLOR-NET) FUNDING PROVISION: Requires \$187,575 in General Revenue be allocated through the Technology Grants appropriation to the Center for Quality Teaching And Learning Program to teach students computer repair in a hands-on environment.

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, and 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.

DELETED THE FOLLOWING CARRY FORWARD LANGUAGE DUE TO THE PASSAGE OF AMENDMENT 86 - 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.

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.

OPEN ENROLLMENT VIRTUAL CHARTER SCHOOL FUNDING RESTRICTIONS: Limits the number of Open-Enrollment Long-Distance or Virtual Technology Charter School students to no more than 500 students, and prohibits a school district from receiving state funding for students who are in their ADM count for 2008-09 but are participating in an Open-Enrollment Long-Distance or Virtual Technology Charter School in 2009-10.

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.

AVERAGE TEACHER SALARY: Requests the Department to calculate an average teacher salary without extra duty funds and in accordance with the National Education Association (NEA) definitions, and requires the Department to submit this teacher salary data annually to the NEA for the NEA "Rankings and Estimates" Report.

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.

PUBLIC SCHOOL RETIREE HEALTH INSURANCE: Allows the Employee Benefits Division of the Dept of Finance and Administration to use \$11.20 from each contribution of \$131 made under Arkansas Code §6-17-1117 (a) to offset the cost of health insurance premiums for members of the Arkansas Teacher Retirement System electing to participate in the public school employees' health insurance program.

DELETES LANGUAGE REPEALING ARKANSAS CODE §6-17-1117(B) DUE TO REPEAL BEING COMPLETED: 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. All funds allocated for Public School Employee Health Insurance, \$35,000,000 each year is now required to be completely expended.

ARKANSAS/STRIVE PROGRAM TRANSFER LANGUAGE: 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.

HEALTH INSURANCE: Requires the Department to use the Public School Employee Insurance appropriation to provide the state contribution for insurance premiums for employees of Cooperatives, Vocational Centers, and the Department of Correction school, and deletes other health insurance provisions that are already codified.

ALTERNATIVE LEARNING ENVIRONMENT: 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.

STATE FUND RESTRICTIONS: reiterates that no state funds shall be used for abortion referral or services, and further states that the funds shall be expended in accordance with ACA §6-18-703 regarding school-based health clinics.

FUNDING PROVISION: Adds Funding Provision special language that requires the Department to pay up to \$15 million in quarterly installments to the DFA Employee Benefits Division (EBD) for PSE health insurance contributions. The actual amount to be paid shall be the amount the Uniform Rate of Tax (URT) funding used in the State Foundation Funding Formula, exceeds \$920,731,819, up to \$15 million, and adds that the funds provided to EBD shall be administered by the State And Public School Life And Health Insurance Board.

Revised April 2009