

DEPARTMENT OF EDUCATION
GENERAL OPERATIONS & PUBLIC SCHOOL FUND
(AGENCY #500) - Fiscal Year 2011

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 \$1,094,500,460 for FY2011 and the general revenue funding is \$16,109,628.

Public School Fund: Total appropriation is \$2,675,833,176 for FY2011 which is an increase of \$15.7 million over FY2010 authorized appropriations. The general revenue, exclusive of desegregation funding is \$1,900.5 million for FY2011, which is an increase of \$11.8 million over FY2010.

FUNDING SOURCE

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

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:

None.

PUBLIC SCHOOL FUND (PSF):

The PSF provides the primary state financial assistance to Arkansas' public elementary and secondary schools. The total appropriation is \$2,675,833,176 for FY2011 which is an increase of \$107.8 million. The increases are described below:

ARK. PUBLIC SCHOOL COMPUTER NETWORK (APSCN) (APPROPRIATION 688)

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 FY2011 increase is for:

- Additional band width - \$1,328,320
- 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 - \$500,000

AT RISK (APPROPRIATIONH 088)

This appropriation provides for the College Preparatory Enrichment Program (CPEP). Provides a FY2011 increase of \$70,500 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.

ARKANSAS BETTER CHANCE (APPROPRIATION 652)

This appropriation provides early childhood programs for educationally deprived children ages 3 to 5. Provides a FY2011 increase of \$2,844,375 to provide a 2.5% increase for the program as requested by the Department of Human Services Child Care Division.

DEPARTMENT OF CORRECTION (APPROPRIATION 380)

This appropriation provides for the cost of implementing and operating school programs in the Corrections School System. Provides a FY2011 increase of \$150,000 for additional personnel, supplies, equipment and textbooks to add programs at Malvern and Pine Bluff

facilities, and a 2% Cost of Living Adjustment for existing staff salaries.

GIFTED AND TALENTED (APPROPRIATION 457)

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. Provides a FY2011 increase of \$29,027 for a 2% cost of living adjustment for program personnel.

SMART START/SMART STEP (APPROPRIATION 057)

The ADE makes grants to Educational Service Cooperatives for math, literacy and science specialists. Provides a FY2011 increase of \$209,143 to provide a 2% increase in salaries and benefits for the personnel supported by this program.

STATE FOUNDATION FUNDING AID (SFF) (APPROPRIATION 2HP)

SFF is the amount of state financial aid provided to school districts on a per Average Daily Membership (ADM) basis. The increase provides a FY2011 increase of \$9.4 million for a 2% increase of the per ADM rate from \$5,905 in FY2010 to \$6,023 in FY2011. This increase also provides for an increase in the school district's ADM by 585 and an increase in the Open Enrollment Charter School's ADM by 1,433 in FY2011. This increase also is based on a 4.5% projected growth in property assessment values.

98% URT ACTUAL COLLECTION ADJUSTMENT (APPROPRIATION 34N)

This appropriation is used to ensure that school districts receive the full 98% of the Uniform Rate of Tax. Provides a FY2011 increase of \$1,141,520. This increased appropriation is based on the FY2008 collection rate of 95.3%.

III) ADDITIONAL POSITIONS

DEPARTMENT:

Total Authorized for FY 2011: 365
(30 Pool Positions authorized - 25 Classified and 5 non-classified)
Total Authorized for FY 2010: 365
(30 Pool Positions authorized - 25 Classified and 5 non-classified)
Increase/(Decrease): 0

PUBLIC SCHOOL FUND:

Total Authorized for FY 2011: 51
Total Authorized for FY 2010: 51
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.

"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.

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.

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:

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.

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 (FORMERLY 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.

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.

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.

ADDITIONAL PUBLIC SCHOOL EMPLOYEE HEALTH INSURANCE 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.

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