

**DEPARTMENT OF EDUCATION
GENERAL OPERATIONS & PUBLIC SCHOOL FUND (AGENCY #500)
FISCAL YEAR 2014 and FY2015 - ALC/JBC Recommendation**

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 total appropriation is \$793,128,001 for FY2014 and \$793,140,407 for FY2015.

Public School Fund: The total appropriation is \$2,764,561,635 for FY2014 and \$2,823,430,087 for FY2015.

FUNDING SOURCE

Department: The appropriations for ADE are funded by federal revenue, general revenue/Educational Excellence Trust Fund/Educational Adequacy Fund, cash funds, and trust funds and fund balances.

Public School Fund: The ADE - Public School Fund Account appropriations are 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 for court ordered desegregation expenses, a Temporary Assistance to Needy Families (TANF) program fund transfer from the Department of Workforce Services, and Transit Tax funding.

II) SIGNIFICANT CHANGES

DEPARTMENT:

STATE OPERATIONS (APPROPRIATION 620)

This appropriation provides state funded resources for the operation of the Department of Education and assistance to public schools and is funded by general revenue, Educational Excellence Trust Fund, and the Educational Adequacy Fund. The total appropriation is \$23,884,922 for FY2014 and \$23,894,455 for FY2015, and includes the following changes:

Regular Salaries and Matching - Increase of \$569,877 each year for the restoration of seven (7) pool positions, 6 established through the Department's position pool special language and 1 established through the Central Growth Pool. Also reclassified 3 positions which does not require appropriation or funding.

Capital Outlay - Increase of \$100,000 each year for unforeseen capital needs that may arise.

CHILD NUTRITION (APPROPRIATION 637)

This appropriation provides for administrative services and reimbursements to local school districts that participate in the school lunch, school breakfast, or special milk programs, and is funded by federal funds from the United States Department of Agriculture. The total appropriation is \$167,677,799 each year and includes an increase of \$50,000 each year for Capital Outlay for unforeseen needs that may arise.

FEDERAL ELEMENTARY AND SECONDARY EDUCATION (APPROPRIATION 650)

This appropriation contains the majority of the federally funded entitlement

programs for elementary and secondary education, including Title 1 Compensatory Education, Title 2 Block Grant, Special Education, Early Childhood, AIDS Education, Drug Education, and Migrant Education. The total appropriation is \$559,201,313 for FY2014 and \$559,201,832 for FY2015, and includes the following changes:

Regular Salaries and Matching - Increase of \$352,450 each year to restore 4 positions authorized through the Department's position pool special language.

Capital Outlay - Increase of \$200,000 each year for unforeseen needs.

ARRA of 2009 - Increase of \$35,000,000 each year due to an extension of time for expending ARRA grant funds. The funds must be fully expended by September 30, 2013.

PUBLIC SCHOOL FUND (PSF): The PSF provides the primary state financial assistance to Arkansas' public elementary and secondary schools. It is funded primarily by general revenue, Educational Excellence Trust Fund, and the Educational Adequacy Fund. The total appropriation is \$2,764,511,220 for FY2014 and \$2,823,39,672 for FY2015, and includes the following changes:

ALTERNATIVE LEARNING (APPROPRIATION 311)

This appropriation is used to fund the Alternative Learning Environment (ALE) Programs school districts are required to offer which are student intervention programs that seek to eliminate traditional barriers to learning for students. The appropriation is \$23,318,012 for FY2014 and \$23,830,996 for FY2015 which is an increase of \$2,788,403 for FY2014 and \$3,301,387 for FY2015 which provides for an increase in the ALE budget that occurred in FY2013 due to an increase in FTEs that was adjusted after submission of the biennial budget request, and to provide for a 2% increase in the per FTE student rate from \$4,228 for FY2013 to \$4,313 for FY2014 and \$4,399 for FY2015.

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

This appropriation provides for the 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, and also allows schools, district offices and Cooperatives to use APSCN to process financial and student data. The appropriation is \$22,827,814 for FY2014 and \$22,830,415 for FY2015 and includes an increase of \$200,000 each year for capital outlay for unforeseen needs that may occur.

ASSESSMENT/END OF COURSE TESTING (APPROPRIATION 459)

This appropriation provides funding for standards based testing at the primary, intermediate, and middle levels and end of course testing for Algebra, Geometry, and Literacy. This appropriation also provides for the cost of Advanced Placement testing as well. The appropriation is \$24,223,861 for each year which is an increase of \$1,973,672 each year to provide for estimated cost increases by contractors for the various testing components of the program.

CONSOLIDATION INCENTIVE (APPROPRIATION 421)

This appropriation provides incentive payments to each school district that is administratively consolidated or annexed by the State Board of Education pursuant to Ark. Code Ann. § 6-11-105, § 6-13-1401 and applicable rules of the State Board of Education. The total appropriation is \$3,760,200 for FY2014 and \$5,640,300 for FY2015 which is all increased appropriation due to this program not having anything budgeted in FY2013. This will provide for two

consolidations per fiscal year.

COOP ED TECHNICAL CENTER OPERATIONS (APPROPRIATION 434)

This appropriation provides for grants to each of the State's 15 Education Service Cooperatives for Technology Coordinators located in the Education Service Cooperatives and assist local school districts by providing technology training, advising school districts in software/hardware purchases and overseeing technology initiatives. This appropriation is a restoration of the FY2013 authorized appropriation of \$1.2 million each year which is all increased appropriation due to this appropriation not being budgeted in FY2013.

DEPARTMENT OF CORRECTION (APPROPRIATION 380)

This appropriation is to provide the ADE portion of the cost of running the Department of Correction School. The total appropriation is \$6,220,892 for FY2014 and \$6,396,775 for FY2015 which is an increase of \$623,217 and \$799,100, respectively. Of this total increase, \$427,124 will restore the appropriation to FY2013 authorized amounts that was budgeted subsequent to the biennial budget request process. In addition, an increase of \$196,093 for FY2014 and \$371,976 for FY2015 will provide for one new instructor position at the Pine Bluff Unit (cost \$50,000) over the base level in FY2014 and 2 new instructor positions at the Pine Bluff Unit in FY2015 (cost \$100,000), a 3% COLA each year (cost \$146,093 for FY2014 and \$151,976 for FY2015), and \$120,000 for the cost of a GED computerized test for FY2015.

EARLY CHILDHOOD SPECIAL EDUCATION (APPROPRIATION 697)

This appropriation provides special education services through local education agencies for 11,500 3 to 5 year old preschool children with disabilities, funding to Cooperatives for behavioral intervention services to preschool programs, coordination of transition services between 0-2 year-old and 3-5 year-old services, and Medicaid matching funds for preschool physical, occupational, and speech therapy. The appropriation is \$16,897,920 each year which is an increase of \$1,274,841 each year to restore the FY2013 authorized appropriation.

EDUCATION RENEWAL ZONES (APPROPRIATION 2HY)

This appropriation supports the Office of Educational Renewal Zones which is responsible for developing guidelines for the approval of education renewal zone strategic plans and guidelines for the evaluation and reporting of education renewal zone activities. The appropriation is \$1,470,087 each year which is an increase of \$17,450 each year for grants to universities to cover expenditures previously paid by fund balances, which have been depleted.

ENGLISH LANGUAGE LEARNERS (ELLs) (APPROPRIATION 082)

This appropriation enables school districts to provide specially trained staff, instructional materials, and training for teachers for ELLs. The appropriation is \$13,075,049 for FY2014 and \$14,059,595 for FY2015 which is an increase of \$912,125 for FY2014 and \$1,896,671 for FY2015 to provide for growth in students and a 2% increase in the funding rate for ELLs from \$305 for FY2013 to \$311 for FY2014, and \$317 for FY2015.

GIFTED AND TALENTED (APPROPRIATION 457)

This appropriation provides salary support for 15 Gifted and Talented supervisors in the Cooperatives, funding for the Governor's School, funding for Outstanding Gifted Program Awards, and an annual contribution to the Arkansans for Gifted and Talented Education Conference. The appropriation is \$1,335,381 each year which is an increase of \$250,000 to restore appropriation to the

FY2013 authorized level.

INTERVENTION BLOCK GRANT (APPROPRIATION 565)

This appropriation provides grants to encourage parental involvement through the following student competitions: Arkansas Governor's Quiz Bowl, State History Day Competition, Creativity in Arkansas, Arkansas Destination Imagination, and Arkansas Science Fair. The appropriation is \$302,000 each year which is an increase of \$75,000 to restore the FY2013 authorized appropriation level.

MASTER PRINCIPAL BONUS (APPROPRIATION 2ZM)

This appropriation pays a salary bonus of \$9,000 annually for principals receiving a master principal designation and \$25,000 annually for those serving in high-need schools for no more than five (5) years. The appropriation is \$200,000 each year which is an increase of \$110,000 to provide for program growth.

NATIONAL BOARD OF PROFESSIONAL TEACHING STANDARDS (APPROPRIATION 438)

This appropriation provides bonuses to National Board Certified Teachers (NBCT), participation fees and substitute pay required for candidacy, and a support system for candidacy. The appropriation is \$13,516,160 for FY2014 and \$15,016,160 for FY2015 which is an increase of \$4,410,000 and \$5,910,000, respectively. This increase includes, \$2,910,000 to restore FY2013 budgeted amounts that were established subsequent to the biennial budget request submission and \$1,500,000 for FY2014 and \$3,000,000 for FY2015 to provide for an increase of 300 participating teachers for FY2014 and 600 in FY2015.

NATIONAL SCHOOL LUNCH STUDENT FUNDING (APPROPRIATION 2HR)

This appropriation provides additional funding to districts based on the number of students from low socio-economic backgrounds who are eligible for free or reduced-price meals. The appropriation is \$200,253,906 for FY2014 and \$213,768,543 for FY2015, which is an increase of \$13,018,309 and \$26,532,946, respectively, due projected growth in the number of students and due to a 2% increase in the per NSLA student funding rates as shown below.

| <u>School District Funding Category</u> | <u>FY2013 Rate</u> | <u>FY2014 Rate</u> | <u>FY2015 Rate</u> |
|---|--------------------|--------------------|--------------------|
| < 70% NSLA Students | \$ 517 | \$ 527 | \$ 538 |
| 70% but < 90% NSLA Students | 1,033 | 1,054 | 1,075 |
| 90% or > NSLA students | 1,549 | 1,580 | 1,612 |

PROFESSIONAL DEVELOPMENT FUNDING (APPROPRIATION 2HS)

This appropriation currently provides up to \$52 per Average Daily Membership (ADM) to school districts for professional development activities. Special Language allows the Department to retain up to \$4 million for statewide PD support systems. The appropriation is \$24,692,402 for FY2014 and \$25,225,822 for FY2015 which is an increase of \$522,215 and \$1,055,635, respectively to provide for the growth in the Average Daily Membership and to provide for a 2% increase in the per ADM rate from \$52 for FY2013 to \$53 for FY2014 and \$54 for FY2015.

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 appropriation is \$16,345,087 each year which is an increase of \$1,156,833 each year, and restores the FY2013 authorized

appropriation.

SCHOOL FOOD SERVICES (APPROPRIATION 447)

This program, combined with the Surplus Commodities program, provides the State match for the total school food program in local schools. These grants are paid to school districts at a rate based on the number of lunches served. The appropriation is \$1,650,000 which restores the appropriation to the FY13 authorized amount.

SCHOOL FUNDING CONTINGENCY (APPROPRIATION 2ZH)

This appropriation is an authorization of unfunded appropriation that is used to address unforeseen problems that arise during the course of a biennium. The Department of Education has special language allowing the transfer of this appropriation to address problem areas. This appropriation is \$25,000,000 each year which restores the FY2013 authorized appropriation level.

SCHOOL WORKER DEFENSE (APPROPRIATION 458)

This appropriation provides for claims and legal fees for liability suits against school personnel, and is \$390,000 each year which restores the FY2013 authorized appropriation level.

SERIOUS OFFENDER PROGRAM (APPROPRIATION 566)

This appropriation provides for educational costs of those students located in Serious Offender Units for juveniles, now referred to as Juvenile Treatment Centers (JTCs), located in Colt, Harrisburg, Lewisville, Mansfield, and Dermott. The total appropriation is \$1,716,859 each year which is an increase of \$665,913 and restores the FY2013 authorized appropriation level.

SMART START/SMART STEP (APPROPRIATION 057)

This appropriation provides for a state network of literacy, mathematics and science specialists to assist schools with professional development to maintain a highly qualified teaching staff. The appropriation is \$10,666,303 each year which is an increase of \$2,209,143 each year which restores the FY2013 appropriation level.

SPECIAL EDUCATION CATASTROPHIC (APPROPRIATION 091)

This appropriation assists districts with special education students who require extraordinary support services such as full-time registered nurses or elaborate assistive technology after eligible costs for the child equal or exceed \$15,000, and only after Medicaid, federal Title VI-B and available third-party funding was applied to the catastrophic occurrence. The appropriation is \$12,900,000 each year which is an increase of \$1,900,000 due to the estimated program growth of 84 students based on the average growth rate over the last three years and an average amount funded per student of \$22,633.

SPECIAL EDUCATION SERVICES (APPROPRIATION 668)

This program provides extended year summer programs for students with disabilities, provides special education services to foster children who are wards of the State placed in out-of-state residential facilities, and provides funds for the partial reimbursement of special education supervisors. This appropriation is \$2,802,527 each year which is an increase of \$1,657,242 to restore the FY2012 budgeted amount.

STATE FOUNDATION FUNDING (SFF) (APPROPRIATION 2HP)

SFF is the amount of state financial aid provided to school districts on a per Average Daily Membership (ADM) basis. The amount of State (funded) Foundation Funding is computed as the difference between the Foundation Funding Amount

(\$6,267 for FY2013) times the ADM of the previous school year, less the sum of 98% of the uniform rate of tax (25 mills) times the property assessment of the school district plus 100% of miscellaneous funds (average over a 5 year period times ratio of URT mills to total mills). The appropriation is \$1,923,089,661 for FY2014 and \$1,961,843,724 which is an increase of \$31,773,908 and \$70,527,971, respectively, due to the projected increase in ADM of 762 for FY2014 and an additional increase of 761 in FY2015 in Charter Schools, for a total ADM of 465,620 for FY2014 and 466,381 for FY2015. The increase will also provide for a 2% increase in the SFF rate per ADM from \$6,267 in FY2013 to \$6,392 for FY2014 and \$6,520 for FY2015.

SURPLUS COMMODITIES (APPROPRIATION 450)

This appropriation provides funding to supplement transportation costs resulting from delivery of surplus commodities to school districts. The appropriation is \$1,349,810 each year which is an increase of \$569,810 each year to maintain the program at its current operating level.

TEACHER RETIREMENT MATCHING (APPROPRIATION 437)

This appropriation provides employer matching for employees of the Education Service Cooperatives, Vocational Centers, the Model Vocational-Technical Resource Center, Arkansas Easter Seals and the school operated by the Department of Correction. The appropriation is \$10,102,189 for FY2014 and \$11,112,407 for FY2015 which is an increase of \$3,447,189 and \$4,457,407, respectively, and will provide for the increase of participants in the program.

III) ADDITIONAL POSITIONS

DEPARTMENT:

Total Positions FY2015: 356

Total Positions FY2014: 356

Total Base Level Positions FY2014 and FY2015: 345

Increase / (Decrease): 11

Restores 10 pool positions established through the Department's position pool special language, and restores 1 pool position that was established through the Central Position Pool.

PUBLIC SCHOOL FUND:

Total Positions FY2015: 53

Total Positions FY2014: 53

Total Budgeted Positions FY2013: 53

Increase / (Decrease): 0

IV) SPECIAL LANGUAGE

DEPARTMENT:

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 Professional/Executive positions at a salary not to exceed the maximum for the grade N922 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.

PULASKI COUNTY DESEGREGATION CASE COSTS FUND TRANSFER: 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.

PROVIDES FOR THE DELETION OF THE FOLLOWING SECTION OF LANGUAGE - FUND TRANSFER: Which provides for a transfer of \$350,000 from the Property Tax Relief Trust

Fund to the Department of Education Public School Fund Account to be used exclusively for the STEM Initiative for Curriculum and Instruction.

DISTRIBUTION OF FUNDS: Provides that the funds attributable to sales and use taxes levied prior to July 1, 2012 shall not be transferred from the Property Tax Relief Trust Fund to the Department of Education Public School Fund Account.

PUBLIC SCHOOL FUND:

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, within the Department of Education, 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 the Department shall allocate and expend \$302,000 funded by general revenue from the Public School Fund Account for the Intervention Block Grants appropriation to be distributed to the Quiz Bowl (\$100,000), Creativity in Arkansas, Inc., also known as Odyssey of the Mind(\$13,500), Destination Imagination (\$13,500), History Day (\$100,000) and Arkansas Science Fair Association (\$75,000).

EAST FUNDING PROVISION: Requires 18% or \$2,000,000, 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: Prohibits a school district from receiving state funding for students who are in their prior year ADM count but are currently participating in an Open-Enrollment Long-Distance or Virtual Technology Charter School.

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 who participate in the Arkansas Public School Life and Health Insurance Program.

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: 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.

SPECIAL NEEDS ISOLATED SCHOOL FUNDING: Allows payment of Isolated Special Needs Funding in the amount of ten percent (10%) of State Foundation Funding (SFF) per Average Daily Membership (ADM) in an isolated school area to school districts that qualify for Isolated Special Needs Funding and that serve any grade kindergarten through twelfth grade, and that has closed an isolated school facility during the period, January 1, 2008 and July 1, 2008.

PROVIDES FOR THE DELETION OF THE FOLLOWING SECTION OF LANGUAGE - SUPPLEMENTAL TRANSPORTATION

Requires the Department of Education to budget, allocate and commit for

expenditure five hundred thousand dollars (\$500,000) for the appropriation made for "Supplemental Transportation", and further requires the Department to use this funding to address extraordinary transportation needs of public school districts. The language also requires the State Board of Education to promulgate such rules and regulations to implement this provision, and requires review by the House and Senate Interim Committees on Education.

ARKANSAS GOVERNOR'S SCHOOL FUNDING: Requires the Department to allocate, budget and commit for expenditure \$250,000 in additional funding for the Arkansas Governor's School to fund the extension of the program from four (4) to six (6) weeks.

ADDS THE FOLLOWING NEW SECTION OF LANGUAGE:

ISOLATED FUNDING - SPECIAL PROVISIONS: Requires the Department to provide an amount of isolated funding that is not less than what a school district would have received based on the school district's square miles calculated in the prior school year when the Department uses a new methodology or technology to recalculate square miles, as long as the district remains eligible for isolated funding.

January 2013