

DEPARTMENT OF EDUCATION
GENERAL OPERATIONS & PUBLIC SCHOOL FUND (AGENCY #500)
FISCAL YEAR 2019
AS ENACTED BY ACTS 243, 244, and 126 OF 2018

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 APPROPRIATION

Department: The total appropriation for FY2019 is \$853,226,871.

Public School Fund: The total appropriation for FY2019 is \$3,014,675,787.

An additional Supplemental Appropriation for the FY2018 for the Public School Fund is provided by Act 126 of 2018. The total additional appropriation for FY2018 is \$14,600,000.

FUNDING SOURCE

Department: The appropriations for ADE are funded by federal revenue, general revenue/Educational Excellence Trust Fund/Educational Adequacy Fund, cash funds, 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) CHANGE LEVEL REQUESTS

DEPARTMENT:

The Department of Education - Operations Bill provides for the administration of the Department of Education, salaries of the employees, and houses the federal funding for Local School Districts. The total appropriation for FY2019 is \$853,226,871 and includes the following change:

SUCCEED SCHOLARSHIP PROGRAM (APPROPRIATION U58)

This cash appropriation provides scholarships to students with Federally Recognized Individual Education Plans or who are currently under state foster care to attend private schools in the state. The total appropriation of \$1,542,677 includes an increase of \$242,677 over FY2018.

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 \$3,014,675,787 in FY2018 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 \$26,594,317 which is an increase of \$200,000 over base level which provides for an increase in students participating in Alternative Learning Environments.

ARKANSAS BETTER CHANCE (APPROPRIATION 652)

This appropriation provides for the funding and administration of the states Pre-Kindergarten and Early Childhood Programs. The total appropriation is \$116,000,000 for FY2019 which includes a \$2 Million increase over FY2018 for additional support of the Pre-K programs.

COURT ORDERED DESEGREGATION (APPROPRIATION 460)

This appropriation provides settlement payments to schools involved in desegregation cases in the State. The final settlement payment of the court agreement was made in FY2018 and the appropriation is not needed for FY2019. The appropriation is reduced to \$0 in FY2019.

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 \$6,734,451 and includes an increase of \$190,699 to restore most of the appropriation to FY2017 authorized amounts and provide for growth of the program over the biennium.

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 \$16,353,943 which is an increase of \$638,838 to provide for projected growth in students.

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 \$18,705,000 which is an increase of \$3,382,900 in appropriation only to provide for increasing candidate support costs and increased participation.

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 \$232,465,557, which is an increase of \$8,682,208 in appropriation due projected growth in the number of students as well as increased participation in community eligibility.

Community Eligibility is a new program that provides district or school wide free lunches to all enrolled students of areas that have a poverty level of 85% or greater.

OPEN ENROLLMENT CHARTER FACILITIES AID (APPROPRIATION N68)

This appropriation provides funding to open-enrollment public charter schools for lease, purchase, renovation, repair, construction, restoration, alteration, modification, and operation and maintenance for approved academic facilities. The appropriation and increase for FY2019 is for \$6,500,000 which is a \$1,500,000 increase over FY2018 to provide a higher rate of funding for eligible schools.

POSITIVE YOUTH DEVELOPMENT GRANTS (APPROPRIATION)

This appropriation provides grant funding for program directed at engaging students in after school and extracurricular programs. It is a new appropriation added in FY2019 for \$5,000,000.

PROFESSIONAL DEVELOPMENT FUNDING (APPROPRIATION 2HS)

This appropriation currently provides funding 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 \$25,143,702 which is an increase of \$4,525,866 to provide for the Adequacy recommendation of increasing the funding rate from \$41 per student to \$50 per student.

SPECIAL EDUCATION CATASTROPHIC (APPROPRIATION 091)

This appropriation provides state funding to school districts for local occurrences when costs of special education and related services required by an individual child are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education. The appropriation for FY2019 is \$13,020,000 and includes a \$20,000 increase for the program per the Adequacy subcommittee recommendation.

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 (\$6,781 for FY2019) 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 miscellaneous funds. The appropriation is \$2,133,039,396 which is an increase of \$47,130,579 in appropriation in FY2019 to provide for a projected student population growth in local public and charter schools, as well as increase in the state foundation rate from \$6,713 in FY2018 to \$6,781 per ADM as recommended by the Adequacy Subcommittee.

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 \$10,529,852 which is an increase of \$404,994 and will provide for the increase of participants in the program and increases in participant salaries.

Act 126 of 2018 - Supplemental Public School funding

Provides a total supplemental appropriation of \$14,600,000 for FY2018 for the Grants and Aid to Local School Districts and Special Programs appropriation authorized Act 1044 of 2018 for the following line items:

- Alternative Learning** increases \$200,000 for unanticipated need
- Declining Enrollment** increases \$400,000 for unanticipated need
- National Board of Professional Teaching Standards** increases \$1,000,000 for program demand
- National School Lunch** increases \$6,000,000 for increased eligibility
- Student Growth** increases \$7,000,000 for increased eligibility and the application of a revision in the funding rules.

III) ADDITIONAL POSITIONS**DEPARTMENT: (Total FY2017 Authorized Positions: 361)**

Total Positions FY2019: 355

Total Positions FY2018: 355

Increase / (Decrease): 0

Extra Help Positions FY2019: 12 (Total FY2018 Authorized Extra Help: 12)

PUBLIC SCHOOL FUND:

Total Positions FY2019: 56

Total Positions FY2018: 56

Increase / (Decrease): 0

Extra Help Positions FY2019: 0 (Total FY2018 Authorized Extra Help: 0)

IV) SPECIAL LANGUAGE**DEPARTMENT:**

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 10 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.

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:

R.I.S.E. ARKANSAS - CARRY FORWARD: Language authorizes the Department to carry forward unexpended funding in the Department of Education Public School Fund Account to be designated and retained for the R.I.S.E. Arkansas 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.

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.

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.

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.

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 as retirees.

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.

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.

EAST FUNDING PROVISION: Requires 18% or \$3,500,000, 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. The first \$1,000,000 of funding shall be used for EAST infrastructure and personnel growth for the establishment of new EAST programs. The remainder of funding shall be used for existing EAST infrastructure, personnel, and operating expenses of the EAST Initiative. The East Infrastructure grant contract shall be awarded to an entity with personnel or experience or both in implementing the EAST Initiative.

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).

LOCAL SCHOOL DISTRICT ISOLATED - BASE FUNDING UNDER CERTAIN CIRCUMSTANCES: Provides that an isolated school district will lose no more than 10% of their base funding amount in each school year in the event the current funding formula for isolated school districts (as of the 2015-2016 school year) in Arkansas Code 6-20-604 is changed.

PROFESSIONAL DEVELOPMENT: Language requires that of the total amount appropriated for Professional Development Funding, \$3,500,000 may be authorized by the Commissioner of ADE to develop and implement statewide professional development support systems for teachers that will benefit student achievement. The Department is also required to report to the Department of Finance and Administration and Arkansas Legislative Council and Joint Budget Committee the annual activities and expenditures of the online professional development program.

NSL MATCHING GRANT PROGRAM: This language requires \$4,300,000 of the Public School Fund to be used to fund a matching grant program to subsidize school districts for certain evidence-based programs including; tutoring, before and after school programs, and pre-kindergarten programs on a pro-rata basis.

R.I.S.E. ARKANSAS: This language requires the R.I.S.E. Arkansas appropriation line item to be used for the coordination of a statewide reading campaign with community partners, parents and teachers to establish the importance of reading in homes, schools, and communities.

***NEW LANGUAGE* CODE AMENDMENT:** This language amends Arkansas Code § 6-17-812 concerning the maximum amount of students a teacher may teach during a school day with regular pay. The new language broadens this limit to fifth and sixth grade teachers and excludes schools of E-learning from this requirement.

