

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995

# A Bill

HOUSE BILL 2145

4 By: Representatives Thicksten, McGinnis, Bisbee, J. Miller, Cunningham, M.  
5 Wilson, Pollan, Wilkins, Northcutt and Townsend

6  
7

## For An Act To Be Entitled

9 "AN ACT TO PRESERVE THE LOCAL GOVERNANCE OF SCHOOLS AND TO  
10 PROVIDE FOR EQUITABLE FUNDING AND SIMPLE DISTRIBUTION OF  
11 FUNDS FOR PUBLIC SCHOOL FINANCING; AND FOR OTHER  
12 PURPOSES."

13

## Subtitle

14  
15 "TO PRESERVE THE LOCAL GOVERNANCE OF  
16 SCHOOLS AND PROVIDE FOR EQUITABLE  
17 FUNDING AND SIMPLE DISTRIBUTION OF FUNDS  
18 FOR PUBLIC SCHOOL FINANCING."

19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21

22 SECTION 1. This act shall be known as "The Equitable School Finance  
23 System Act of 1995".

24

25 SECTION 2. Legislative findings.

26 (a) The General Assembly recognizes that intelligence and virtue are  
27 the safeguards of liberty and the bulwark of a free and good government and  
28 that Article 14, § 1 of the Arkansas Constitution requires the state to ever  
29 maintain a general, suitable and efficient system of free public schools and  
30 to adopt all suitable means to secure to the people the advantages and  
31 opportunities of education.

32 (b) The General Assembly acknowledges that the present system of  
33 school district organization, when combined with the constraints imposed by  
34 Amendments 40 and 59 to the Arkansas Constitution, has resulted in wide  
35 variances in the burden imposed on taxpayers for the financial support of

1 public education, as follows:

2           (1) The total tax rates among school districts and respective  
3 burdens on local taxpayers range from a low of twenty-one and three tenths  
4 (21.3) mills of assessed value to a high of fifty-eight and four tenths  
5 (58.4) mills of assessed value and, for taxes used solely for operation and  
6 maintenance, from a low of four (4) mills of assessed value to a high of  
7 fifty-six and four tenths (56.4) mills of assessed value;

8           (2) Each one (1) mill of tax levied against real and personal  
9 property provides as little as two thousand two hundred and seventy-three  
10 dollars (\$2,273) of revenue in the district with the lowest value of assessed  
11 property and as much as one million six hundred seventeen thousand five  
12 hundred and sixteen dollars (\$1,617,516) of revenue in the district with the  
13 highest value of assessed property;

14           (3) The total local funding provided to students of the various  
15 school districts from local millage varies from a low of three hundred  
16 forty-one dollars (\$341) per student to a high of six thousand six hundred  
17 eighty-five dollars (\$6,685) per student and total state and local funding  
18 ranges from a low of one thousand eight hundred ninety one dollars (\$1,891)  
19 per student to eight thousand six hundred ninety six dollars (\$8,696) per  
20 student. The local funding used solely for maintenance and operations varies  
21 from a low of seventy seven dollars (\$77.00) per student to a high of five  
22 thousand one hundred and twenty three (\$5,123) per student;

23           (4) The number of students in kindergarten through grade twelve  
24 ranges from as few as ninety-five (95) students in the smallest district to  
25 as many as twenty-four thousand one hundred sixty-six (24,166) in the largest  
26 district;

27           (5) The median number of students per district is seven hundred  
28 forty (740) and the average number of students per district is one thousand  
29 four hundred (1,400);

30           (6) The ratio among the districts of teachers to students ranges  
31 from one-to-seven (1 - 7) to one-to-eighteen (1 - 18);

32           (7) The ratio among the districts of administrators to teachers  
33 ranges from one-to-seven (1 - 7) to over one-to-twenty-nine (1 - 29);

34           (c) The General Assembly finds that the State is presently paying  
35 sixty-two percent (62%) of the combined state, local and federal expenditures

1 for public schools; that the State's expenditure of one billion three hundred  
2 million dollars (\$1,300,000,000) in funds during the 1994-95 fiscal year for  
3 the public schools is forty-eight percent (48%) of the total net state  
4 general revenues; and that the percentage of state expenditures for public  
5 schools will continue to rise unless taxpayers at the local level share the  
6 burden more equally.

7 (d) The General Assembly finds that the present formula for disbursing  
8 state support to public schools punishes the students of a district or the  
9 taxpayers of the state when local voters refuse to support their local  
10 schools.

11 (e) The General Assembly finds that it has not previously provided a  
12 legislative interpretation of the constitutional mandate that the State  
13 maintain a general, suitable and efficient system of free public schools, and  
14 it is the intent of this act to provide such interpretation of the  
15 constitutional language.

16 (f) The General Assembly finds that the education of the children of  
17 this state is best secured by maintaining as much local control over the  
18 day-to-day management of school operations as is consistent with state  
19 constitutional requirements, and it is the intent of this act to maintain and  
20 foster such local control consistent with the State's constitutional mandate  
21 to assure suitability and efficiency in the public school system.

22 (g) The General Assembly finds that a suitable and efficient system of  
23 public education should:

24 (1) Assure the availability of substantially equal and  
25 constitutionally appropriate revenue for the education of each similarly  
26 situated child in the public schools regardless of where that child resides  
27 within the state;

28 (2) Assure that each school age child resides in a school  
29 district that offers a competitive minimum salary for classroom teachers;

30 (3) Assure that there is incentive and opportunity for patrons  
31 of each school district to provide a greater degree of financial support for  
32 students of such district than may be provided in other districts;

33 (4) Assure that all students graduating from high school are  
34 able to demonstrate a defined minimum level of competence in English  
35 communications (oral, reading and writing), mathematics skills, and science

1 and social studies disciplines and that such minimum level of competence  
2 evolves over time to higher levels;

3           (5) Assure that students with disabilities have the opportunity  
4 to graduate from high school by demonstrating alternative competencies or  
5 alternative levels of competency;

6           (6) Assure that students who are not on track for high school  
7 graduation are identified at a sufficiently early date that they may be  
8 provided an opportunity at reasonable cost to achieve the minimum levels of  
9 competence necessary to graduate from high school;

10           (7) Recognize that graduating from high school requires that the  
11 student, as well as the parent, parents, or guardian of the student, work  
12 hard and assume appropriate responsibility for the student's success or  
13 failure;

14           (8) Encourage parental involvement in the public schools and  
15 public school activities; and

16           (9) Recognize that public schools must provide a safe,  
17 disciplined and drug free environment for students and teachers.

18           (10) Avoid disproportionate variances among school districts in  
19 the financial support burden imposed on taxpayers;

20           (11) Avoid unnecessary duplication of administrative and  
21 operational expenses;

22           (12) Avoid disproportionate variances among school districts in  
23 the use of classroom teachers and capital resources; and

24           (13) Recognize that early attention to and correction of student  
25 deficiencies are substantially less expensive and more effective than  
26 remedial efforts in the later school grades.

27           (h) The General Assembly recognizes that Amendment 40 to the Arkansas  
28 Constitution allows local school boards to propose their own property taxes.  
29 Since the assessed valuation of property varies across the districts, the  
30 existing school districts have access to different amounts of local money to  
31 expend on public education. The General Assembly finds that such variations  
32 in local wealth have contributed to the court's finding that the Arkansas  
33 school funding is unconstitutional.

34           (i) The General Assembly acknowledges that the Arkansas Constitution  
35 requires the State to provide a general, suitable and efficient system of

1 free public schools. Such obligation has been held by the Arkansas courts to  
2 be a paramount duty of the State despite a local school board's ability to  
3 propose its own property tax rate.

4 (j) The General Assembly recognizes that the supervision of public  
5 schools and the execution of the laws regulating the schools shall be vested  
6 in such officers as the General Assembly provides.

7 (k) The State has a limited pool of resources to provide a general,  
8 suitable and efficient system of free public schools.

9 (l) The State recognizes the importance of local decision making in  
10 the education process.

11 (m) The State recognizes its obligation to implement a constitutional  
12 system of school finance by November 1996.

13

14 **SECTION 3. School Funding.**

15 (a) Beginning with the 1996-97 school year, the Department of  
16 Education shall provide from available funds, the following school funding  
17 categories in the priority listed to Local School Districts:

18 (1) Category 1. State Equalization Funding Per Student;

19 (2) Category 2. Student Classroom Teacher Funding;

20 (3) Category 3. Student Unit Funding; and

21 (4) Category 4. Student Needs Funding.

22 However, no subsequent category of funding shall receive any funding until  
23 each prior Category is fully funded. If any category of funding, excluding  
24 category 1, is only partially funded, each Local School District shall  
25 receive a pro rata share.

26 (b) Beginning with the 1996-97 school year, General Facilities  
27 funding, Growth Facilities Funding, Isolated Funding and Student Growth shall  
28 be provided to Local School Districts from available funds in a line item  
29 appropriation within the Public School Fund.

30 (c) Beginning with the 1996-97 school year, the state shall provide  
31 from available funds a Debt Service Funding Supplement to qualifying local  
32 school districts for the purpose of reducing debt service burdens voted by  
33 the September 1994 school election, or a special school election ordered by a  
34 federal court and held before February 22, 1995, and increasing the amount of  
35 local revenue available for maintenance and operations expenditures. As

1 future money is made available for Debt Service Funding, priority will be  
2 given to Local School Districts which meet need assessment guidelines of the  
3 State Department of Education and which did not receive the debt Service  
4 Funding Supplement during the 1996-97 school year.

5 (d) The Legislative intent is to continue providing a Debt Service  
6 Funding Supplement to qualifying Local School Districts through available  
7 funds in a line item appropriation within the Public School Fund and as  
8 existing debt obligations decrease to transfer at least the amount of funding  
9 provided during the 1996-97 school year to line item appropriations for  
10 General Facilities Funding and Growth Facilities Funding.

11 (e) After determining the amount of State Equalization Funding,  
12 Student Classroom Teaching Funding, Student Unit Funding, Vocational Funding,  
13 General Facilities Funding, and Student Growth Funding available to each  
14 Local School District, the Department of Education shall provide any  
15 additional state funding necessary to ensure that the Total State And Local  
16 Revenue per ADM of each Local School District is no less than the Minimum  
17 State and Local Revenue per ADM.

18 (f) Local School Districts may not use Student Classroom Teacher  
19 Funding to compensate anyone other than Classroom Teachers.

20 (g) A Local School District may only use General Facilities Funding for  
21 purchase of school buses, furniture, equipment, computer software or  
22 renovation or repairs of existing facilities.

23 (h) A Local School District may only use Growth Facilities Funding for  
24 capital outlay which means for the acquisition of land or a school site and  
25 construction of new school facilities.

26 (i) Local School Districts may expend category 1 funds for student  
27 classroom teacher funding, student unit funding and student needs funding.

28 (j) Local School Districts must expend the following amounts of money  
29 from funds distributed in section (a) above and from local revenues:

30 (1) Local School Districts shall expend at least one thousand  
31 five hundred forty-eight dollars and fifty-nine cents (\$1,548.59) per ADM for  
32 Classroom Teacher salaries.

33 (2) Local School Districts shall expend state and local revenues  
34 on students evaluated as special education students in accordance with  
35 existing federal and state laws and Department regulations as such laws and

1 regulations shall be amended from time to time and based on the following  
2 criteria:

3 (A) Calculate a three-year average percentage not to  
4 exceed twelve and one-half percent (12.5%), based on the three (3)  
5 immediately preceding December 1 counts of students in special education; and

6 (B) Multiply the three-year average percentage not to  
7 exceed twelve and one-half percent (12.5%) times the average daily membership  
8 and multiply the result times sixty-four hundredths (.64) times the Base  
9 Local Revenue Per Student.

10 (3) Local School Districts shall expend from state and local  
11 revenues not less than the following amounts on Vocational Education students  
12 in accordance with rules and regulations promulgated by the State Board of  
13 Education: The previous year's ADM participating in vocational education  
14 programs multiplied by thirty-four hundredths (.34) times the Base Local  
15 Revenue Per Student. Participating Local School Districts shall transfer to  
16 approved vocational centers all funds that districts have previously  
17 transferred to such centers on an ADM basis.

18 (4) Local School Districts shall expend from state and local  
19 revenues not less than the following amounts on Alternative Education  
20 Programs in accordance with rules and regulations promulgated by the State  
21 Board of Education: The previous year's ADM participating in alternative  
22 education, up to two percent (2%) of the previous year's ADM, multiplied by  
23 fifteen hundredths (.15) times the Base Local Revenue Per Student.

24 (5) Local School Districts shall expend from state and local  
25 revenues not less than the following amounts on gifted and talented programs  
26 in accordance with rules and regulations promulgated by the State Board of  
27 Education: the previous year's ADM participating in gifted and talented  
28 programs, up to five percent (5%) of the previous year's ADM, multiplied by  
29 fifteen hundredths (.15) times the Base Local Revenue Per Student.

30 (k) For the 1995-96 school year, if a Local School District fails to  
31 levy at the September 1995 annual school election a Base Millage, exclusive  
32 of millage used to service debt, the Local School District shall not expend  
33 funds for school construction not under contract as of February 22, 1995.

34

35 SECTION 4. Definitions.

1       As used in this act, unless the context otherwise requires:

2       (a) *Alternative Education Program:* An intervention program, in  
3 compliance with Ark. Code Ann. §§ 6-18-508 and 6-18-509, that seeks to  
4 eliminate traditional barriers to learning for students and includes a  
5 component for the education of gifted and talented students.

6       (b) *At-Risk Funding:* Financial aid provided to Local School Districts  
7 based upon the number of students with low test scores, the number of  
8 children receiving free or reduced price lunches, the number of households  
9 below the poverty level, or the number of children with limited English  
10 proficiency.

11       (c) *Average Daily Membership (ADM):* The total number of days attended  
12 plus the total number of days absent by students in grades kindergarten  
13 through twelve (K-12) during the first three (3) quarters of each school  
14 year, divided by the number of school days actually taught in the district  
15 during that period of time rounded up to the nearest hundredth.

16       (d) *Base Local Revenue Per Student:* If Category 1 is fully funded,  
17 the local revenue per student in the Local School District with the highest  
18 amount of Local Revenue Per Student. If Category 1 is not fully funded, the  
19 Revenue Per Student to which the state equalizes calculated by taking the sum  
20 of:

21               (1) *The total available state aid for State Equalization Funding*  
22 *per student;*

23               (2) *Ninety-eight percent (98%) of the Base Millage times the*  
24 *total state assessed valuation; and*

25               (3) *Seventy-five percent (75%) of Miscellaneous Funds collected*  
26 *in the previous year; and*  
27 *by dividing the sum by the total state ADM.*

28       (e) *Base Millage:* Twenty-five (25) mills.

29       (f) *Classroom Teacher:* An individual required to hold a teaching  
30 license from the State Department of Education and who is engaged directly in  
31 instruction with students in a classroom setting for more than seventy  
32 percent (70%) of the individual's contracted time, or a guidance counselor,  
33 or a librarian.

34       (g) *Debt Service Funding Supplement:* the state financial aid provided  
35 to qualifying local school districts for the purpose of reducing existing



1 debt service burdens and increasing the amount of local revenue available for  
2 maintenance and operations expenditures and calculated as follows: for each  
3 mill required to meet the annual debt service expenditure obligation, the  
4 local school may be provided up to fifteen dollars (\$15.00) per ADM times the  
5 difference of one minus the ratio of the district's Local Revenue Per Student  
6 and State Equalization Funding Per Student. Beginning with the 1997-98 school  
7 year, the funding per ADM may be increased by one dollar (\$1.00) each year.

8 (h) Equalized Local Revenue Per Student: In each Local School  
9 District the amount equal to the sum of Local Revenue Per Student and State  
10 Equalization Funding Per Student.

11 (i) General Facility Funding: The state financial aid provided to  
12 each Local School District, voting the Base Millage, from funds made  
13 available for that purpose based on a facilities needs assessment  
14 justification approved by the State Department of Education, and calculated  
15 as follows: The Local School District may be provided up to thirty-five  
16 dollars (\$35.00) multiplied by the Local School District's ADM for the  
17 previous year multiplied by the difference between one (1) minus the ratio of  
18 the Local Revenue Per Student and State Equalization Funding Per Student.

19 (j) Growth Facility Funding: The state financial aid provided to each  
20 Local School District from funds made available for that purpose, based upon  
21 a facilities needs assessment justification approved by the State Department  
22 of Education, and calculated as follows: Each Local School District whose  
23 student growth from the previous year to the first quarter of the current  
24 year exceeds the state average ADM growth may receive an amount up to such  
25 ADM growth in the Local School District times the ratio of the total funds  
26 available for allocation divided by the state's gross increase in ADM.

27 (k) Incentive Millage: The millage rate which may be levied by a  
28 Local School District to obtain Incentive Revenue.

29 (l) Incentive Revenue: The amount of revenue, not to exceed one  
30 hundred twenty-five percent (125%) multiplied times the Base Local Revenue  
31 Per Student.

32 (m) Isolated Funding: The state financial aid provided to qualifying  
33 Local School Districts from funds made available for that purpose and  
34 calculated as follows:

35 (350 - Previous year's ADM) Previous year's ADM times

1 850

2 *the Base Local Revenue Per Student.*

3 (n) *Local Revenue Per Student: In each year ninety-eight percent*  
4 *(98%) of the amount of revenue available, whether or not collected, in a*  
5 *Local School District, solely from the levy of the Base Millage plus*  
6 *seventy-five percent (75%) of the Miscellaneous Funds collected in the*  
7 *previous year divided by the ADM of such Local School District for the*  
8 *previous year.*

9 (o) *Local School District: A class of school district which conducts*  
10 *the daily affairs of public schools pursuant to the supervisory authority*  
11 *vested in them by the General Assembly.*

12 (p) *Local School District at the ninety-fifth (95th) percentile: When*  
13 *ranking districts in descending order by the Total State and Local revenue*  
14 *Per ADM, the district which falls at the ninety-fifth (95th) percentile of*  
15 *the total number of pupils in attendance in the schools of this state, as*  
16 *described by 34 C.F.R. 222.63 [1994].*

17 (q) *Minimum State and Local Revenue per ADM: An amount no less than*  
18 *eighty percent (80%) of the Total State and Local Revenue Per ADM of the*  
19 *Local School District at the ninety-fifth (95th) percentile.*

20 (r) *Miscellaneous Funds: Those funds received by a Local School*  
21 *District from federal forest reserves, federal grazing rights, federal*  
22 *mineral rights, federal impact aid, federal flood control, wildlife refuge*  
23 *funds, severance taxes and funds received by the district in lieu of taxes.*

24 (s) *State Equalization Funding Per Student: The amount of state*  
25 *financial aid per ADM provided to each Local School District calculated by*  
26 *subtracting the Local Revenue Per Student from the Base Local Revenue Per*  
27 *Student.*

28 (t) *Student Classroom Teacher Funding: The state financial aid*  
29 *provided to each Local School District calculated as an amount equal to one*  
30 *hundred twelve percent (112%) times one thousand six hundred and thirty-three*  
31 *dollars (\$1,633) per Average Daily Membership.*

32 (u) *Student Growth Funding: The amount of state financial aid*  
33 *provided to each Local School District not later than December 30th of each*  
34 *year from the funds made available for that purpose, calculated as the sum*  
35 *of:*

1           (1) *The Base Local Revenue Per Student multiplied by forty*  
2 *hundredths (.40) times the increase, if any, in such Local School District's*  
3 *ADM for the first quarter of the current year over the Local School*  
4 *District's ADM for the previous year; and*

5           (2) *The increase, if any, in such Local School District's ADM*  
6 *for the first quarter of the current year over the Local School District's*  
7 *ADM for the previous year multiplied by fifteen hundred dollars (\$1,500) per*  
8 *ADM.*

9           (v) *Student Needs Funding: The amount of state financial aid provided*  
10 *to each Local School District from available Special Education funding,*  
11 *Vocational Education funding, At-Risk funding, Isolated funding, and*  
12 *Transportation Aid pursuant to rules and regulations promulgated by the State*  
13 *Board of Education.*

14           (w) *Student Unit Funding: The state financial aid provided to each*  
15 *Local School District calculated as follows: by dividing the total funds*  
16 *available for textbook aid, alternative education including gifted and*  
17 *talented education programs, restructuring and staff development by the total*  
18 *State ADM for the previous year and multiplying by such Local School*  
19 *District's ADM for the previous year.*

20           (x) *Total State and Local Revenue Per ADM: In each Local School*  
21 *District, the amount calculated by taking the sum of:*

22           (1) *The Local School District's maintenance and operations*  
23 *millage times ninety-eight percent (98%) of the district's assessed*  
24 *valuation; and*

25           (2) *The Local School District's debt service mills not required*  
26 *to pay off debt times ninety-eight percent (98%) of the district's assessed*  
27 *valuation; and*

28           (3) *The Local School District's current expenditure mills times*  
29 *ninety-eight percent (98%) of the district's assessed valuation; and*

30           (4) *State Equalization Funding, Student Classroom Teacher*  
31 *Funding, Student Unit Funding, Vocational Funding, General Facilities*  
32 *Funding, and Student Growth Funding available to such Local School District;*  
33 *and*  
34 *by dividing by the ADM of the Local School District.*

35

1           SECTION 5. Local school districts.

2           (a) Beginning with the 1995-96 school year, each local school district  
3 shall prepare an annual certified audit of the financial condition and  
4 transactions of the Local School District as of June 30 of each year in  
5 accordance with generally accepted accounting practices and containing any  
6 other data as determined by the State Board of Education.

7           (b) Nothing in this legislation shall be construed to authorize,  
8 permit or require consolidation of any school district.

9           (c) If the enactment of the Equitable School Finance Act of 1995  
10 creates an unanticipated adverse impact or an unexpected fiscal crisis for  
11 any Local School District, the Local School District may appeal to the State  
12 Board of Education and the State Board of Education may award the Local  
13 School district financial relief from available funds provided for this  
14 purpose.

15

16           SECTION 6. State Board of Education and Department of Education.

17           (a) The State Board of Education pursuant to the Quality Education Act  
18 of 1983 shall review and revise the Arkansas Minimum Standards for  
19 Accreditation to assure a general, suitable and efficient system of public  
20 education in the State.

21           (b) The State Board of Education shall submit proposed revisions to  
22 the Standards to the Joint Interim Committee on Education on or before  
23 November 30, 1995.

24           (c) The State Board of Education shall devise a process for involving  
25 teachers, school administrators, school boards, and parents in the definition  
26 of an "adequate" education for Arkansas students.

27           (d) The State Board shall seek public guidance in defining an adequate  
28 education and shall submit proposed legislation defining adequacy to the  
29 Joint Interim Committee on Education prior to December 31, 1996.

30           (e) The State Board of Education shall promulgate rules and  
31 regulations to evaluate each local school district's fiscal solvency and to  
32 address any fiscal shortcomings of a local school district.

33           (f) The Department of Education in consultation with State Building  
34 Services shall conduct a facilities needs assessment of each Local School  
35 district in this state and file a written report with the Joint Interim

1 Committee on Education by December 31, 1996.

2

3 SECTION 7. Enforcement Mechanisms Beginning July 1, 1996.

4 (a) If the Department of Education determines that a Local School  
5 District has failed to levy at least the Base Millage, the Director of the  
6 Department of Education shall so certify to the State Treasurer, the State  
7 Auditor, and the Chief Fiscal Officer of the State. Upon such certification  
8 the State Treasurer, the State Auditor, and the Chief Fiscal Officer of the  
9 State shall transfer on their books and the State Treasurer shall cause to be  
10 transferred from such sources as are enumerated herein, to the Public School  
11 Fund created by Ark. Code Ann. § 19-5-305 an amount which, when combined with  
12 the revenues produced by the millage actually levied by the Local School  
13 District, provides the same amount of revenues as would have been produced by  
14 levying the Base Millage in the Local School District. Such transfer shall  
15 be made from and shall not exceed the funded amounts available from the  
16 following sources that would otherwise be distributed to the counties and  
17 municipalities within which the Local School District is located:

18 (1) The monthly distribution of County Aid provided for under  
19 Ark. Code Ann. § 19-5-602(b) derived from the revenues provided in Ark. Code  
20 Ann. § 19-5-602(a).

21 (2) The monthly distribution of Municipal Aid provided for in  
22 Ark. Code Ann. § 19-5-601(b) derived from the revenues provided in Ark. Code  
23 Ann. § 19-5-601(a).

24 (3) Such funds as may be provided by appropriations of the  
25 General Assembly for County Jail/Medical Reimbursements under the provisions  
26 of Ark. Code Ann. § 12-27-114 et seq.

27 (b) The Department of Education shall distribute any funds transferred  
28 pursuant to subsection (a) of this section to the Local School District that  
29 failed to levy the Base Millage in a fashion that, when combined with the  
30 revenues produced by the millage available for maintenance and operations  
31 actually levied by the Local School District, provides the same amount of  
32 revenues as would have been provided by levying the Base Millage in the Local  
33 School District.

34 (c) For purposes of this section, a Local School District located in  
35 two or more counties shall be considered located within the county,

1 municipality or political subdivision within which resides the greater number  
2 of registered voters of the Local School District.

3 (d) If the Department of Education determines that a Local School  
4 District has levied a millage in excess of the Incentive Millage, the  
5 Director of the Department of Education shall withhold from any available  
6 funds otherwise distributable to the Local School District under this act an  
7 amount equal to the revenues in excess of the Incentive Revenues. This  
8 subsection shall not apply to the extent such application would violate any  
9 federal court order or to the extent such application would harm a district  
10 in fiscal distress.

11 (e) For purposes of determining whether a Local School District has  
12 levied a millage in excess of the Incentive Millage, millage used to service  
13 debt shall not be included.

14 (f) For purposes of determining whether a Local School District has  
15 voted the Base Millage, millage used to service debt shall not be included.  
16 However, this section shall not apply to any district which has a Local  
17 Revenue Per Student in excess of the Base Local Revenue Per Student.

18 (g) This section shall be effective on or after July 1, 1996, except  
19 as specifically otherwise provided.

20

21 SECTION 8. Arkansas Code Annotated § 6-17-1001 shall be amended to read  
22 as follows:

23 "6-17-1001. Minimum base salary - Master\_s degree.

24 (a) The board of directors in each school district in the state shall  
25 pay their teachers upon a salary schedule which has annual increments for  
26 education and experience and which provides for a base salary, a minimum  
27 salary for a teacher with a master\_s degree, and at least fourteen (14) years  
28 of experience as described herein.

29 (b) In school year 1996-97 and each school year thereafter, no school  
30 district shall pay its teachers with a bachelor\_s degree and no experience  
31 less than twenty thousand dollars (\$20,000).

32 (c) In school year 1996-97 and each school year thereafter, school  
33 districts shall pay teachers with a master\_s degree and no experience at  
34 least one hundred fifteen percent (115%) of the minimum base salary  
35 prescribed in subsection (b) of this section.

1           (d) In school year 1997-98, school districts shall pay a teacher with  
2 a master\_s degree and at least fourteen (14) years of experience one hundred  
3 fifty percent (150%) of the state minimum base salary.

4           (e)(1) In school year 1995-96 and each school year thereafter, each  
5 school district in the state shall have in place a salary schedule which  
6 provides at least fourteen (14) annual increments for experience.

7           (2) The minimum levels of compensation required by this section  
8 are as follows:

9	Years Experience	BA Degree Salary	MA Degree Salary
10	0	\$20,000	\$23,000
11	1	\$20,400	\$23,400
12	2	\$20,800	\$23,800
13	3	\$21,200	\$24,200
14	4	\$21,600	\$24,600
15	5	\$22,000	\$25,000
16	6	\$22,400	\$25,400
17	7	\$22,800	\$25,800
18	8	\$23,200	\$26,200
19	9	\$23,600	\$26,600
20	10	\$24,000	\$27,000
21	11	\$24,400	\$27,400
22	12	\$24,800	\$27,800
23	13	\$25,200	\$28,200
24	14 or more	\$25,600	\$30,000

25           (f) For the 1997-98 school year and each year thereafter, each school  
26 district shall provide no less than four hundred dollar (\$400) increments for  
27 experience for teachers with one (1) and two (2) years of experience.

28           (g) For the 1998-99 school year and each year thereafter, each school  
29 district shall provide no less than four hundred dollar (\$400) increments for  
30 experience for teachers with three (3) and four (4) years of experience.

31           (h) For the 1999-2000 school year and each year thereafter, each  
32 school district shall provide no less than four hundred dollar (\$400)  
33 increments for experience for teachers with five (5) and six (6) years of  
34 experience.

35           (i) For the 2000-01 school year and each year thereafter, each school

1 district shall provide no less than four hundred dollar (\$400) increments for  
2 experience for teachers with seven (7) and eight years experience.

3 (j) For the 2001-02 school year and each year thereafter, each school  
4 district shall provide no less than four hundred dollar (\$400) increments for  
5 experience for teachers with nine (9) and ten (10) years experience.

6 (k) For the 2002-03 school year and each year thereafter, each school  
7 district shall provide no less than four hundred dollar (\$400) increments for  
8 experience for teachers with eleven (11) and twelve (12) years experience.

9 (l) For the 2003-04 school year and each year thereafter, each school  
10 district shall provide no less than four hundred dollar (\$400) increments for  
11 experience for teachers with thirteen (13) years of experience.

12 (m) Subsections (f) through (l) of this section shall not apply to any  
13 Local School District whose minimum salary for teachers exceeds twenty  
14 thousand dollars (\$20,000) and whose average salary exceeds the state average  
15 salary for teachers for the previous year.

16 (n) The term 'teacher' as used in this section shall include any  
17 full-time employee of a local public school district who is compelled by law  
18 to secure a license from the State Board of Education as a condition  
19 precedent to employment in a position in or related to grades  
20 pre-kindergarten through twelve (12) of the public schools of this state.

21 (o) All minimum salaries set forth in this section shall be for a  
22 contract number of days that is not more than the number of days in the  
23 school year required by State Board of Education regulations for  
24 accreditation for the school year in which the contract is effective.

25 (p) A district which determines that it cannot meet the minimum salary  
26 requirements of this section from funds available may petition the Department  
27 of Education for a waiver of the requirements of this section for up to two  
28 (2) school years, based on regulations promulgated by the State Board of  
29 Education. The State Department of Education shall not grant a waiver to any  
30 district which is not in compliance with the Base Millage requirements."

31

32 SECTION 9. Arkansas Code Annotated 26-80-110 shall be amended to read  
33 as follows:

34 "26-80-110. Current Expenditures Tax.

35 (a)(1) The board of directors of each Local School District is



1 authorized, upon approval of a majority of the qualified voters in the school  
2 district voting in the annual school election, to levy and collect a tax not  
3 to exceed five percent (5%) of a school district's current expenses or three  
4 (3) mills, whichever is less, upon real and personal property for current  
5 expenditures of the Local School District.

6 (2) The approved tax shall be assessed, levied, and collected as  
7 provided by law for other school taxes.

8 (b) Any funds received from the collection of a current expenditures  
9 tax shall only be used for the following purposes:

10 (1) Purchase of school buses;

11 (2) Purchase of furniture or equipment to support the  
12 instructional program;

13 (3) Purchase of computer software;

14 (4) Renovation or repair of existing facilities; or

15 (5) Repaying revolving loans for any of the purposes previously  
16 listed.

17 (c) Local School Districts which have levied a capital outlay tax prior  
18 to the amendment of this section are authorized to continue such levies for  
19 the terms and purposes approved by the majority of voters at the time of  
20 their adoption.

21 (d) Any levy of a current expenditures tax proposed subsequent to the  
22 adoption of this section shall be limited as set forth in subsection (b) of  
23 this section and, when combined with capital outlay levies approved prior to  
24 the adoption of this section and still in effect, shall not exceed five  
25 percent (5%) of current expense or three (3) mills, whichever is less."

26

27 **SECTION 10. Facilities funding for the 1995-96 school year.**

28 (a) For the 1995-96 school year, the Department of Education shall  
29 provide General Facilities Funding to Local School Districts from available  
30 revenues within a line item appropriation in the Public School Fund based  
31 upon the following formula:

32 An amount up to thirty-five dollars (\$35.00) per ADM times the  
33 difference between one (1) minus the ratio of the local resource rate and the  
34 table rate.

35 (b) For purposes of subsection (a), the local resource rate, the state

1 base equalization rate, and the table rate shall be determined using a charge  
2 of eighteen (18) mills.

3 (c) A Local School District may only use General Facilities Funding  
4 for the purchase of school buses, furniture, equipment, computer software, or  
5 renovation or repairs of existing facilities.

6 (d) For the 1995-96 school year, the Department of Education shall  
7 provide Growth Facilities Funding to Local School Districts from available  
8 revenues within a line item appropriation in the Public School Fund.

9 (e) A Local School District may only use Growth Facilities funding for  
10 capital outlay which means for the acquisition of land or a school site and  
11 construction of new school facilities.

12

13 **SECTION 11. At-Risk Funding for the 1995-96 school year.**

14 (a) For the 1995-96 school year, the Department of Education shall  
15 provide At-Risk Funding to Local School Districts from available revenues  
16 within a line item appropriation in the Public School fund.

17 (b) The State Board of Education shall promulgate rules and  
18 regulations for the disbursement of available funds and shall take into  
19 account the following types of At-Risk programs:

- 20 (1) Compensatory education;
- 21 (2) Alternative learning programs;
- 22 (3) ACT and summer school remediation;
- 23 (4) Programs for students with limited English proficiency; and
- 24 (5) Classroom management training for faculty.

25

26 **SECTION 12. 1995-96 Growth Funding.**

27 For the 1995-96 school year, the distribution of growth funding shall  
28 not raise the charge specified in Ark. Code Ann. § 6-20-306.

29

30 **SECTION 13. Miscellaneous.**

31 The State Board of Education shall have authority, acting pursuant to  
32 its rule-making powers, to adopt regulations for the implementation of the  
33 provisions of this act.

34

35 **SECTION 14. Liberal Construction.**

1       All general provisions, terms, phrases and expressions used in this Act  
2 or any related provisions of the Arkansas Code of 1987 Annotated shall be  
3 liberally construed so as to effectuate its purposes.

4

5       SECTION 15. *Specific Repealer.*

6       (a) Effective July 1, 1995, § 6-20-320 of the Arkansas Code Annotated  
7 is hereby repealed.

8       (b) Effective July 1, 1996, the following sections of the Arkansas  
9 Code Annotated are hereby repealed: §§ 6-15-205, 6-20-301 through 318, 6-20-  
10 319(4)(A),(i), and (ii), 6-20-319(4)(C), 6-20-321, and 6-20-601 through 604.

11

12

13       SECTION 16. All provisions of this act of a general and permanent  
14 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
15 Code Revision Commission shall incorporate the same in the Code.

16

17       SECTION 17. If any provision of this act or the application thereof to  
18 any person or circumstance is held invalid, such invalidity shall not affect  
19 other provisions or applications of the act which can be given effect without  
20 the invalid provision or application, and to this end the provisions of this  
21 act are declared to be severable.

22

23       SECTION 18. All laws and parts of laws in conflict with this act are  
24 hereby repealed.

25

*/s/Rep. Thicksten, et al*

26

27