

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995  
4 By: Senator Lewellen

# A Bill

SENATE BILL 822

## For An Act To Be Entitled

"THE PUBLIC SCHOOL FINANCE AND MANAGEMENT EFFICIENCY  
REFORM ACT OF 1995; AND FOR OTHER PURPOSES."

## Subtitle

"THE PUBLIC SCHOOL FINANCE AND  
MANAGEMENT EFFICIENCY REFORM ACT OF  
1995."

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

SECTION 1. It is the intention of the General Assembly through this act to ensure a system of public education enabling the State to meet the requirements of Article 14, § 1 of the Arkansas Constitution and to better define the roles of the State and the local school districts in regard to the public education of Arkansas children.

SECTION 2. Beginning July 1, 1996, the board of directors of each local school district in this state that is not identified by the State Department of Education as being in fiscal or academic distress shall have full authority:

(1) To make any and all decisions in regard to district policies and procedures so long as such policies are not in conflict with federal or state law;

(2) To negotiate agreements and contracts for services with another private business as a way of providing the best education possible for all students in the most efficient way.

1 SECTION 3. (a) Beginning with the 1996-97 school year, the board of  
2 directors in each school district in this state shall have in place a salary  
3 schedule for classroom teachers that reflects experience and education and  
4 includes a minimum base salary of at least twenty-two thousand dollars  
5 (\$22,000) for a bachelor\_s degree and no experience.

6 (b) Beginning with the 1997-98 school year, the average salary for all  
7 classroom teachers in a local school district shall be at least thirty  
8 thousand dollars (\$30,000).

9

10 SECTION 4. As used in this act, unless the context otherwise requires:

11 (1) "Average daily membership" or "ADM" means the total number of days  
12 attended plus the total number of days absent by students in grades  
13 kindergarten through twelve (K-12) during the first three (3) quarters of  
14 each school year, divided by the number of school days actually taught in the  
15 district during that period of time.

16 (A) As applied to this act, students who may be counted for  
17 average daily membership are:

18 (i) Students who reside within the boundaries of the  
19 school district and are enrolled either within a public school operated by  
20 the district or in a public school operated by another district or a private  
21 school for special education students, with such attendance approved by the  
22 Department of Education; and

23 (ii) Legally transferred students living outside the  
24 district but attending a public school in the district.

25 (B) For purposes of this act, kindergarten students enrolled in  
26 half-day programs shall be counted as half-time students;

27 (C) For aid purposes, the average daily membership of growing  
28 school districts shall be the average daily membership increase for the first  
29 three (3) quarters of the current year. At the end of the first quarter, an  
30 adjustment shall be made in the aid using the ratio of the previous year's  
31 first-quarter average daily membership to the previous year's three-quarter  
32 average average daily membership to project the three-quarter average average  
33 daily membership for the current year using the first-quarter actual average  
34 daily membership of the current year as follows:

35 Previous year's first-quarter average daily membership ÷ previous

1 year's three-quarter average average daily membership = current year's first-  
2 quarter actual average daily membership ÷ projected three-quarter average  
3 average daily membership for the current year.

4       The aid will be adjusted only if the projection shows an increase of  
5 one (1) average daily membership or more over the actual three-quarter  
6 average average daily membership of the previous year. For all school  
7 districts that have grown by one (1) average daily membership or more during  
8 the current year, the aid shall be adjusted at the end of the first three (3)  
9 quarters of the year in which the aid is distributed to include the actual  
10 growth of the affected districts for the current year. Such adjustments  
11 shall be determined by recalculating individually the aid due each affected  
12 district and shall be made before the end of the year in which the aid is  
13 distributed. No such adjustment, however, shall result in any school  
14 district's average daily membership for aid purposes in any year being less  
15 than that shown for the district in the first three (3) quarters of the  
16 previous year.

17       (2) "Previous year" means the school year immediately preceding the  
18 school year in which funds authorized by this act are allocated;

19       (3) "Classroom teacher" means any full-time employee required to hold  
20 a teaching license from the State Department of Education and who is engaged  
21 directly in instruction with students in a classroom setting for more than  
22 eighty percent (80%) of the individual's contracted time, or a guidance  
23 counselor, or a librarian;

24       (4) "Weighted average daily membership" means the average daily  
25 membership plus the add-on weights for special education, vocational  
26 education, gifted and talented education, isolation, and consolidation.

27       (A) Beginning with the 1996-97 school year, school districts  
28 shall receive state aid for students evaluated as special education students  
29 in accordance with regulations promulgated by the Department of Education  
30 based on the following criteria and conditions:

31               (i) Calculate a three (3) year average percentage of  
32 students counted in special education not to exceed twelve and one-half  
33 percent (12.5%), based on the three (3) immediately preceding December 1  
34 counts of students in special education; and

35               (ii) Multiply the three (3) year average percentage times

1 the average daily membership and multiply the result by eighty-nine  
2 hundredths (.89).

3 (B) Vocational programs shall be divided into four (4) groups.  
4 Group 1 shall include career orientation and cooperative programs except  
5 those involving handicapped students. Group 2 shall include coordinated  
6 career education, consumer and homemaking education, and exploratory programs  
7 in all occupational areas. Group 3 shall include skill training programs in  
8 all occupational areas. Group 4 shall include exceptionally high-cost skill  
9 training programs limited to electronics, welding, machine shop, industrial  
10 equipment mechanics, and metal trades. Weighting for programs approved by  
11 the Vocational and Technical Education Division of the Department of  
12 Education shall be as follows:

13

	SERVICE HOUR	FULL-TIME EQUIVALENT
	-----	-----
16 Group 1	.067	.40
17 Group 2	.083	.50
18 Group 3	.100	.60
19 Group 4	.150	.90

20

21 (C) When a home district sends students to an approved  
22 vocational center, funds shall be transmitted by the home district to the  
23 vocational center during the year instruction is provided on the same  
24 schedule through which the home district receives its Minimum Foundation  
25 Program Aid from the Department of Education or on some alternate schedule  
26 approved by the Vocational and Technical Education Division. The tuition  
27 shall be determined by the Vocational and Technical Education Division. Each  
28 school district participating in a vocational center shall submit to the  
29 Vocational and Technical Education Division by April 10 of each year the  
30 number of students enrolled in the current school year. The Vocational and  
31 Technical Education Division shall use current enrollments to determine the  
32 number of add-ons to be certified, by April 25 of each year, to the General  
33 Education Division for use in the computation of state aid.

34 (D) School districts which operate, either individually or as a  
35 part of a cooperative of districts, an approved educational program for

1 gifted and talented students shall receive funds for the operation of the  
2 program based on an add-on weight of twenty-five hundredths (.25) for each of  
3 its students identified as being gifted or talented under guidelines and  
4 criteria approved by the State Board of Education, up to a number equal to  
5 five percent (5%) of its average daily membership for the previous year.

6 (5) "Assessed valuation" means the total valuation for tax purposes of  
7 the taxable property, including mineral leases, as certified by the county  
8 clerk or the county board of education to the Department of Education.

9 (6) "Total local resources" means the sum of the property taxes levied  
10 against each school district's assessed valuation and collected, seventy-five  
11 percent (75%) of its miscellaneous funds, and the previous fiscal year's  
12 local sales and use taxes collected and distributed to a school district  
13 pursuant to § 26-73-114.

14 (7) "Local resource rate per weighted average daily membership" means  
15 each school district's total local resources divided by the district's  
16 weighted average daily membership of the previous year.

17 (8) "State base equalization rate per weighted average daily  
18 membership" means an amount determined when the sum of the total local  
19 resources of all districts in the state and the total state aid available for  
20 distribution is divided by the state's total weighted average daily  
21 membership of the previous year. For the 1996-97 school year and thereafter,  
22 such rate shall be no lower than three thousand five hundred dollars  
23 (\$3,500). In making this computation, the total local resources and the  
24 weighted average daily membership of the districts whose local resource rate  
25 per weighted average daily membership are above the state base equalization  
26 rate per weighted average daily membership shall be removed prior to the  
27 final computation.

28 (9)(A) "Miscellaneous funds charge" means the charge of seventy-five  
29 percent (75%) of the funds received by the district during the current year  
30 that are classified as miscellaneous. Such funds shall include those  
31 received from federal forest reserves, federal grazing rights, federal  
32 mineral rights, federal flood control, wildlife refuge fund, funds received  
33 by the district in lieu of taxes, and severance taxes.

34 (B) When Arkansas meets the federal definition of equity, school  
35 assistance in federally affected areas shall also be included in the

1 miscellaneous funds category.

2                   (i) In making state aid allocations, each district shall  
3 be charged seventy-five percent (75%) of the lesser of the amount of  
4 miscellaneous funds it received the previous year or the amount that equals  
5 the average of the previous four (4) years excluding the highest year and the  
6 lowest year.

7                   (ii) Upon determination of total miscellaneous funds for  
8 the current year, the Department of Education shall immediately determine  
9 whether any school districts have experienced an increase or a decrease in  
10 Minimum Foundation Program Aid as a result of the miscellaneous funds charge  
11 being computed as set forth in subdivision (8)(B)(i) of this section.  
12 Adjustments for increases and decreases shall be made in the distribution of  
13 Minimum Foundation Program Aid for those districts. The Department of  
14 Education shall withhold sufficient funds to make those adjustments.

15           (10) "Facilities" means all components of a building, including the  
16 site and its preparation and technology.

17

18           SECTION 5. Each school district's state aid allocation shall be an  
19 amount determined when its total local resource rate per weighted average  
20 daily membership is subtracted from the state base equalization rate per  
21 weighted average daily membership and the difference is multiplied by its  
22 weighted average daily membership of the previous year.

23

24           SECTION 6. *Any school district that would receive less total funding*  
25 *per ADM as a result of the provisions of this act shall receive additional*  
26 *state aid so that total funding shall be increased by two percent (2%) over*  
27 *that of the 1995-96 school year except for increases or decreases in numbers*  
28 *of students.*

29

30           SECTION 7. (a) There is hereby created the Arkansas School Facilities  
31 and Debt Service Commission.

32           (b) The members of the commission shall be appointed by the Governor,  
33 with one (1) member from the state at large and one (1) member from each  
34 congressional district.

35           (c)(1) The term of office of each member appointed shall be for nine

1 (9) years, except that the initial members of the commission shall draw lots  
2 so that the term of no more than one (1) member shall expire during the same  
3 year.

4 (2) Any vacancy arising in the membership otherwise than by the  
5 expiration of the term of office shall be filled by appointment by the  
6 Governor for the balance of the term of the membership which became vacant.

7 (3) The Governor may, upon notice and hearing, remove any member  
8 for misconduct, neglect of duty, or other sufficient cause.

9 (d) Duties of the commission shall include, but not be limited to, the  
10 following:

11 (1) To sell bonds within limits set by the General Assembly for  
12 the purposes of school facility construction, subject to approval by the  
13 commission on a needs-assessment basis;

14 (2) To distribute amounts from the State School Facilities and  
15 Debt Service Trust Fund to local school districts for construction of school  
16 facilities, subject to approval by the commission on a needs-assessment  
17 basis;

18 (3) To purchase current debts of local school districts;

19 (4) To give priority in distributing amounts to those districts  
20 having the lowest total resource rate per weighted average daily membership;  
21 and

22 (5) To hold harmless those districts substantially and adversely  
23 affected by this act.

24 (e) The commission shall be assisted in performing its duties by the  
25 State Department of Education.

26  
27 SECTION 8. There is hereby established on the books of the Treasurer  
28 of State, Auditor of State, and the Chief Fiscal Officer of the State a fund  
29 to be known as the "State School Facilities and Debt Service Trust Fund"  
30 which shall consist of those additional revenues from taxes as may be  
31 authorized by the General Assembly and deposited after state aid allocations  
32 to local school districts are made under Section 7 of this act. The phrase  
33 "those additional revenues" shall include, but not be limited to, any  
34 increases enacted in those taxes classified as general revenues in the  
35 Revenue Classification Law, § 19-6-201 and revenues from any property taxes

1 collected for the benefit of the public schools.

2

3       *SECTION 9. Subchapter 6 of Chapter 51 of Title 26 of the Arkansas Code*  
4 *is amended by inserting additional sections at the end thereof to read as*  
5 *follows:*

6       *"26-57-609. Every person who resides in their owner-occupied primary*  
7 *residence in this state shall be entitled to a refund from the state of the*  
8 *amount of ad valorem property taxes paid on the first fifty thousand dollars*  
9 *(\$50,000) of the market value of the owner-occupied primary residence. Any*  
10 *person seeking such refund shall file a claim with the Department of Finance*  
11 *and Administration under the procedure established by the department.*

12       *26-51-610. The Department of Finance and Administration shall*  
13 *promulgate regulations necessary to implement § 26-51-609."*

14

15       *SECTION 10. Arkansas Code 19-5-202(b)(2)(B)(iii) is amended to read as*  
16 *follows:*

17       *"(ii) Next, the Treasurer of State shall deduct an amount sufficient to*  
18 *pay for cash rebates which have been paid or approved for payment during the*  
19 *current month upon applications filed therefor as authorized in §§ 26-51-601*  
20 *- 26-51-610 and deduct an amount sufficient to pay for refunds made during*  
21 *that month to taxpayers from overpayment of the income tax as certified by*  
22 *the Chief Fiscal Officer of the State and transfer that amount to the*  
23 *Individual Income Tax Withholding Fund, Corporate Income Tax Withholding*  
24 *Fund, and Home Owners Tax Relief Fund, as applicable;"*

25

26       *SECTION 11. The provisions of this act shall become effective on July*  
27 *1, 1996, except as otherwise provided in this act.*

28

29       *SECTION 12. Arkansas Code Annotated §§ 6-20-302, 6-20-306, 6-20-307,*  
30 *6-20-314, 6-20-319(4), and 6-20-321 are hereby repealed.*

31

32       *SECTION 13. All provisions of this act of a general and permanent*  
33 *nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas*  
34 *Code Revision Commission shall incorporate the same in the Code.*

35



1           SECTION 14. If any provision of this act or the application thereof to  
2 any person or circumstance is held invalid, such invalidity shall not affect  
3 other provisions or applications of the act which can be given effect without  
4 the invalid provision or application, and to this end the provisions of this  
5 act are declared to be severable.

6

7           SECTION 15. All laws and parts of laws in conflict with this act are  
8 hereby repealed.

9

*/s/Lewellen*