

1 State of Arkansas

As Engrossed: H12/18/03 H12/22/03

Call Item 4

2 84th General Assembly

A Bill

3 Second Extraordinary Session, 2003

HOUSE BILL 1049

4

5 By: Representatives Cleveland, Stovall, Dangeau, Elliott, Mahony, Verkamp, Bolin, Bond, Boyd,

6 Cowling, Hathorn, Jackson, C. Johnson, Jones, Pate, Roebuck, Thomason, Walters, White

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For An Act To Be Entitled

10

AN ACT PROVIDING EDUCATION REFORM IN ARKANSAS; TO

11

PROVIDE FOR EDUCATION FUNDING; TO ESTABLISH

12

EDUCATIONAL ADEQUACY ACCOUNTING; TO ESTABLISH

13

MINIMUM TEACHER COMPENSATION; AND FOR OTHER

14

PURPOSES.

15

16

Subtitle

17

AN ACT PROVIDING EDUCATION REFORM; TO

18

PROVIDE FOR EDUCATION FUNDING; TO

19

ESTABLISH EDUCATIONAL ADEQUACY

20

ACCOUNTING; AND TO ESTABLISH MINIMUM

21

TEACHER COMPENSATION.

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23

24

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

25

26

SECTION 1. Arkansas Code Title 6, Chapter 20, is amended to add the

27

following new subchapter:

28

6-20-2001. Title.

29

This subchapter shall be known and may be cited as the "Education

30

Funding Reform Act of 2003".

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32

6-20-2002. Legislative findings and intent.

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(a) The General Assembly recognizes that intelligence and virtue are

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the safeguards of liberty and the bulwark of a free and good government and

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that the Arkansas Constitution, Article 14, § 1 requires the state to ever

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maintain a general, suitable, and efficient system of free public schools and



1 to adopt all suitable means to secure to the people the advantages and
2 opportunities of education.

3 (b) The General Assembly finds that the education of the children of
4 this state is best secured by maintaining as much local control over the day-
5 to-day management of school operations as is consistent with state
6 constitutional requirements. It is the intent of this subchapter to maintain
7 and foster local control consistent with the state's constitutional mandate
8 to assure suitability and efficiency in the public school system.

9 (c) The General Assembly finds that a suitable and efficient system of
10 public education should:

11 (1) Assure the availability of substantially equal and
12 constitutionally appropriate revenue for the education of each similarly
13 situated child in the public schools, regardless of where that child resides
14 within the state;

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

17 (3) Assure that there is incentive and opportunity for patrons
18 of each school district to provide a greater degree of financial support for
19 students of the school district than may be provided in other school
20 districts;

21 (4) Assure that:

22 (A) All students graduating from high school are able to
23 demonstrate a defined minimum level of competence in:

24 (i) English, oral communications, reading, and
25 writing;

26 (ii) Mathematics skills; and

27 (iii) Science and social studies disciplines; and

28 (B) The minimum level of competence evolves over time to
29 higher levels;

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

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

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

4 (8) Encourage parental participation in the public schools and
5 in public school activities;

6 (9) Recognize that public schools must provide a safe,
7 disciplined, and drug-free environment for students and teachers;

8 (10) Avoid disproportionate variances among school districts in
9 the financial burden imposed on taxpayers;

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

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

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

17 (d)(1) The General Assembly acknowledges that the Arkansas
18 Constitution requires the state to provide a general, suitable, and efficient
19 system of free public schools.

20 (2) The obligation has been held by the Arkansas courts to be a
21 paramount duty of the state.

22 (e) The General Assembly recognizes that the supervision of public
23 schools and the execution of the laws regulating the schools is vested in
24 such officers as the General Assembly provides.

25 (f) The General Assembly recognizes the importance of local decision-
26 making in the education process, however, local decision-making can not be an
27 excuse for failure.

28
29 6-20-2003. Definitions.

30 As used in this subchapter:

31 (1) "Alternative learning environment" means an intervention
32 program in compliance with §§ 6-18-508 and 6-18-509 that seeks to eliminate
33 traditional barriers to learning for students;

34 (2) "Average daily membership" means the total number of days
35 attended plus the total number of days absent by students in grades
36 kindergarten through twelve (K-12) during the first three (3) quarters of

1 each school year, divided by the number of school days actually taught in the
2 school district during that period of time rounded up to the nearest
3 hundredth. In those instances in which the average daily membership for less
4 than three (3) quarters is specified, the number of days used in the
5 calculation shall be the days in the specified period of time. As applied to
6 this subchapter, students who may be counted for average daily membership
7 are:

8 (A) Students who reside within the boundaries of the
9 school district and are enrolled within a public school operated by the
10 school district or a private school for special education students, with the
11 attendance resulting from a written tuition agreement approved by the
12 Department of Education;

13 (B) Legally transferred students living outside the
14 district but attending a public school in the school district; and

15 (C) Students who reside within the boundaries of the
16 school district and are enrolled in the Arkansas National Guard Youth
17 Challenge Program, so long as the students are participants in the program;

18 (3)(A) "Catastrophic special education" means the state program
19 that funds the costs of educating students in special education whose costs
20 exceed the amount of funding provided under the state foundation program.

21 (B) The State Board of Education shall have regulatory
22 authority to further define those costs that the state will provide under
23 this program;

24 (4) "Classroom teachers" means those certified personnel who
25 spend seventy percent (70%) of their time interacting with students in a
26 classroom setting teaching all grade level or subject matter appropriate
27 classes with the exception of physical education, art, and music;

28 (5) "English language learning students" means those students
29 who have been identified as not proficient in the English language based upon
30 a state-approved English proficiency assessment instrument;

31 (6) "Extra duty pay for teachers" means those amounts paid to
32 teachers for duties performed outside of the course and scope of their duties
33 covered by their contracts;

34 (7) "Guidance counselor" means an individual certified by the
35 State Board of Education to provide counseling services to public school
36 students;

1 (8) “Instructional facilitators” means the certified personnel
2 who coordinate the instructional programs, provide ongoing coaching and
3 mentoring of teachers to change and improve their instructional practices,
4 and serve as technology coordinators for the school;

5 (9) “Instructional materials” means those materials necessary to
6 teach a class, including, but not limited to, textbooks, trade books,
7 workbooks, activity-oriented programs that may include manipulatives, hand-
8 held calculators, or other hands-on materials, laboratory equipment, and
9 equipment necessary for vocational-technical education;

10 (10) “Librarians or media specialists” means individuals
11 certified by the State Board of Education as having the knowledge and skills
12 for operating a library or media center in a public school;

13 (11) “Miscellaneous revenues” means the lesser of either the
14 previous year or the average of the five (5) previous years of those funds
15 received by a school district from federal forest reserves, federal grazing
16 rights, federal mineral rights, federal impact aid, federal flood control,
17 wildlife refuge funds, severance taxes, funds received by the school district
18 in lieu of taxes, and local sales and use taxes dedicated to education under
19 §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et
20 seq.;

21 (12)(A) “Noninstructional and support components” means the
22 total statewide expenditures in the prior school year to support activities
23 not directly related to classroom learning divided by the previous year’s
24 statewide average daily membership.

25 (B) “Noninstructional and support components” include, but
26 are not limited to, expenditures for general administration, business
27 support, operation and maintenance services, school plant services, student
28 transportation services, extracurricular activities, and central support
29 services.

30 (C) “Noninstructional and support components” do not
31 include federal funds, debt service payments, and capital expenditures;

32 (13) “Previous year” means the school year immediately preceding
33 the school year in which funds are allocated;

34 (14) “Principal” means a certified individual employed by a
35 school district who has administrative responsibility and instructional
36 leadership for the planning, management, operation, and evaluation of a

1 public school;

2 (15) "Professional development" means a coordinated set of
3 planned learning activities for teachers and administrators that are
4 standards-based and contiguous. It shall result in individual, school-wide,
5 and system-wide improvement designed to ensure that all students demonstrate
6 proficiency in the state academic standards;

7 (16) "Pupil support staff" means those individuals employed to
8 provide health, safety, and social services to the students in a school;

9 (17) "School district" means a geographic area with an elected
10 board of directors which qualifies as a taxing unit for purposes of ad
11 valorem property taxes under Title 26 of the Arkansas Code and which conducts
12 the daily affairs of public schools under the supervisory authority vested in
13 them by the General Assembly;

14 (18) "School type" means the classification given to each type
15 of school, whether it be elementary, middle, or high school;

16 (19) "Specialist teachers" means those certified personnel who
17 spend seventy percent (70%) of their time interacting with students in a
18 classroom setting teaching the subjects of physical education, art, and
19 music;

20 (20) "Struggling students" means those students from low socio-
21 economic background as indicated by eligibility for the free or reduced-price
22 lunch program under the National School Lunch Act or any other act of
23 Congress;

24 (21) "Substitute teachers" means those individuals employed in
25 order to temporarily replace classroom or specialist teachers when the
26 classroom or specialist teachers are absent;

27 (22) "Supervisory aides" means those individuals employed in
28 order to supervise students when those students are not in class. This may
29 be either before or after school, during recesses, or lunch breaks;

30 (23) "Teachers for English language learning students" means
31 those certified personnel who are primarily responsible for teaching English
32 to English language learning students;

33 (24) "Teachers for special education students" means those
34 certified personnel who are primarily responsible for teaching students
35 specified as special education under the Individuals with Disabilities Act,
36 20 U.S.C. § 1400 et seq., or who are speech pathologists as defined by the

1 state board;

2 (25) "Teachers for struggling students" means those certified
3 personnel who are primarily responsible for helping struggling students; and

4 (26) "Technology" means any equipment for instructional purposes
5 that is electronic in nature, including, but not limited to, computer
6 hardware, computer software, internet connectivity, and distance learning.

7
8 6-20-2004. Foundational funding amount.

9 (a) Each school district shall be guaranteed a foundational funding
10 amount based upon the allocation of resources generated under this section as
11 follows:

12 (1) Personnel Resources:

13 (A) Principal.

14 (i) For every school, a school district shall be
15 apportioned funding for one (1) principal for every five hundred (500)
16 students in average daily membership rounded up to one-tenth (0.1) of a full-
17 time equivalency.

18 (ii) Each principal shall carry a resource price of
19 seventy-one thousand eight hundred thirty-seven dollars (\$71,837), or pro-
20 ration thereof rounded up to one-tenth (0.1) of a full-time equivalency.

21 (iii) Each school will be guaranteed funding for at
22 least one (1) principal, notwithstanding the calculations under this
23 subdivision (a)(1)(A);

24 (B) Instructional Facilitators. For every school, a
25 school district shall be apportioned funding for a number of instructional
26 facilitators equal to the average daily membership of that school divided by
27 five hundred (500) times two and one-half (2.5), so long as each school has a
28 minimum of one (1) instructional facilitator. Each instructional
29 facilitator, or pro-ration thereof rounded down to the nearest one-tenth
30 (0.1) of a full-time equivalency, shall carry a resource price of forty-six
31 thousand two hundred fifty dollars (\$46,250);

32 (C) Classroom Teachers.

33 (i) For every school, a school district shall be
34 apportioned funding for the following number of classroom teachers, based on
35 the average daily membership of that school:

36 (a) For every twenty (20) students in average

1 daily membership in kindergarten, one (1) teacher rounded down to one-tenth
2 (0.1) of a full-time equivalency;

3 (b) For every twenty-three (23) students in
4 average daily membership in grades one through three (1-3), one (1) teacher
5 rounded down to one-tenth (0.1) of a full-time equivalency; and

6 (c) For every twenty-five (25) students in
7 average daily membership in grades four through twelve (4-12), one (1)
8 teacher rounded down to one-tenth (0.1) of a full-time equivalency.

9 (ii) Each classroom teacher or pro-ration thereof
10 rounded down to the nearest to one-tenth (0.1) of a full-time equivalency,
11 shall carry a resource price of forty-six thousand two hundred fifty dollars
12 (\$46,250) for each classroom teacher, or pro-ration thereof rounded down to
13 the nearest to one-tenth (0.1) of a full-time equivalency;

14 (D) Specialist Teachers. For every classroom teacher, a
15 school will be allocated funding for two-tenths (0.2) of a full-time
16 equivalency for specialist teachers, which shall carry a resource price of
17 forty-six thousand two hundred fifty dollars (\$46,250) for each specialist
18 teacher, or pro-ration thereof rounded down to the nearest to one-tenth (0.1)
19 of a full-time equivalency;

20 (E) Teachers for Special Education. For every school, a
21 school district shall be apportioned funding for a number of teachers for
22 special education equal to the average daily membership of that school
23 divided by five hundred (500) times two and nine-tenths (2.9) rounded down to
24 one-tenth (0.1) of a full-time equivalency, so long as each school has a
25 minimum of one-half (0.5) teachers for special education, which shall carry a
26 resource price of forty-six thousand two hundred fifty dollars (\$46,250) for
27 each teacher for special education, or pro-ration thereof rounded down to the
28 nearest to one-tenth (0.1) of a full-time equivalency;

29 (F) Guidance Counselors.

30 (i) For every school, a school district shall be
31 apportioned funding for guidance counselors as follows:

32 (a) If the school type is middle school, one
33 (1) guidance counselor for every five hundred (500) students in average daily
34 membership rounded down to one-tenth (0.1) of a full-time equivalency; and

35 (b) If the school type is high school, two (2)
36 guidance counselors for every five hundred (500) students in average daily

1 membership rounded down to one-tenth (0.1) of a full-time equivalency.

2 (ii) Each guidance counselor shall carry a resource
3 price of forty-six thousand two hundred fifty dollars (\$46,250), or pro-
4 ration thereof rounded down to the nearest to one-tenth (0.1) of a full-time
5 equivalency;

6 (G) Librarians or Media Specialists.

7 (i) For every school, a school district shall be
8 apportioned funding for librarians or media specialists as follows:

9 (a) If the school type is middle school, for
10 one (1) librarian or media specialist for every five hundred (500) students
11 in average daily membership rounded down to one-tenth (0.1) of a full-time
12 equivalency;

13 (b) If the school type is high school, for one
14 and one-half (1.5) librarians or media specialists for every five hundred
15 (500) students in average daily membership rounded down to one-tenth (0.1) of
16 a full-time equivalency; and

17 (c) Each middle or high school will be
18 guaranteed funding for at least one-half (0.5) librarian or media specialist,
19 notwithstanding the calculations under this subdivision (a)(1)(G).

20 (ii) Each librarian or media specialist shall carry
21 a resource price of forty-six thousand two hundred fifty dollars (\$46,250),
22 or pro-ratio thereof rounded down to the nearest to one-tenth (0.1) of a
23 full-time equivalency; and

24 (H) Substitutes. For every classroom or specialist
25 teacher allocated under this section, each school district shall be
26 apportioned funding for ten (10) days for substitutes, which shall carry a
27 resource price of one hundred twenty-one dollars (\$121) per day; and

28 (2) Per-pupil Resources:

29 (A) Instructional Materials.

30 (i) For every school, a school district shall be
31 apportioned funding for instructional materials in the amount of two hundred
32 fifty dollars (\$250) for each student of average daily membership in that
33 school.

34 (ii) The amount provided for instructional materials
35 under this subdivision (2)(A) includes expenditures for classroom supplies
36 under § 6-21-303;

1 (B) Extra Duty Funds. For every school, a school district
2 shall be apportioned funding for extra duty as follows:

3 (i) If the school type is middle school, then sixty
4 dollars (\$60.00) for each student of average daily membership in that school;
5 and

6 (ii) If the school type is high school, then one
7 hundred twenty dollars (\$120) for each student in average daily membership in
8 that school; and

9 (C) Supervisory Aides. For every school, a school
10 district shall be apportioned funding for supervisory aides in the amount of
11 thirty-five dollars (\$35.00) for each student of average daily membership in
12 that school;

13 (3) Noninstructional and Support Components. For every school,
14 a school district shall be apportioned one thousand one hundred fifty-two
15 dollars (\$1,152) for each student of average daily membership in that school;
16 and

17 (4) Technology.

18 (A) For every school, a school district shall be
19 apportioned funding for technology in the amount of two hundred fifty dollars
20 (\$250) for each student of average daily membership in that school.

21 (B) To the extent that a school district receives funds
22 from sources other than funding under this subdivision (a)(4)(A) of this
23 section and the funds are used for expenditures for technology, the school
24 district may use an equal amount of funds received pursuant to this section
25 for expenditures for technology-related expenditures for personnel,
26 instructional material, internet course delivery, and distance learning
27 courses.

28 (C) In order to provide flexibility within the school
29 district and the schools in the school district, funds for technology under
30 this subdivision (a)(4)(A) of this section shall not be expended for other
31 categories in this section or § 6-20-2005, unless the expenditure meets
32 standards for technology established by the state board.

33 (b)(1) In order to provide flexibility within the school district and
34 the schools in the school district, funds received pursuant to this section,
35 other than funds for technology, may be expended for any category in this
36 section or § 6-20-2005.

1 (2) Funds received under this section may be retained for future
2 school years.

3
4 6-20-2005. Needs-based funding amount.

5 (a) Each school district shall be guaranteed a needs-based funding
6 amount based upon the allocation of resources generated under this section as
7 follows:

8 (1) Needs-Based Personnel Resources:

9 (A) Teachers for Struggling Students. For every school, a
10 school district shall be apportioned funding for one (1) teacher for
11 struggling students for every one hundred (100) struggling students rounded
12 down to one-tenth (0.1) of a full-time equivalency, with the exception that
13 each school will be guaranteed at least one (1) teacher for struggling
14 students, which shall carry a resource price of forty-six thousand two
15 hundred fifty dollars (\$46,250) for each teacher for struggling students, or
16 pro-ration thereof rounded down to the nearest to one-tenth (0.1) of a full-
17 time equivalency;

18 (B) Teachers for English Language Learning Students. For
19 every school, a school district shall be apportioned funding for four-tenths
20 (0.4) teacher for English language learning students for every one hundred
21 (100) English language learning students rounded down to one-tenth (0.1) of a
22 full-time equivalency, which shall carry a resource price of forty-six
23 thousand two hundred fifty dollars (\$46,250) for each teacher for English
24 language learning students, or pro-ration thereof rounded down to the nearest
25 to one-tenth (0.1) of a full-time equivalency;

26 (C) Teachers for Alternative Learning Environments. For
27 every school, a school district shall be apportioned funding for one (1)
28 teacher for alternative learning environments for every twenty (20) students
29 in alternative learning environments rounded down to one-tenth (0.1) of a
30 full-time equivalency, which shall carry a resource price of forty-six
31 thousand two hundred fifty dollars (\$46,250) for each teacher for alternative
32 learning environments, or pro-ration thereof rounded down to the nearest to
33 one-tenth (0.1) of a full-time equivalency; and

34 (D) Pupil Support Staff for Special Needs Students.

35 (i) For every school, a school district shall be
36 apportioned funding for one (1) struggling student support staff person for

1 every one hundred (100) struggling students rounded down to one-tenth (0.1)
2 of a full-time equivalency.

3 (ii) Each eligible school will be guaranteed funding
4 for at least one (1) pupil support staff for special needs students,
5 notwithstanding the calculations under subdivision (a)(1)(D)(i) of this
6 section.

7 (iii) Struggling student support staff person shall
8 carry a resource price of forty-six thousand two hundred fifty dollars
9 (\$46,250), or pro-ratio thereof rounded down to the nearest to one-tenth
10 (0.1) of a full-time equivalency; and

11 (2) Professional Development. For every school, a school
12 district shall be apportioned funding for professional development in the
13 amount of fifty dollars (\$50.00) for each student of average daily membership
14 in that school.

15 (b)(1)(A) Funds received pursuant to this section may be used
16 for any category included in this section.

17 (B) To the extent that a school district receives funds
18 from sources other than funding under this section and the funds are used for
19 expenditures under a funding category in this section, the school district
20 may use an equal amount of funds received pursuant to this section for
21 expenditures for any category included in this section.

22 (2) Funds received under this section may be retained for future
23 school years.

24
25 6-20-2006. Catastrophic special education and funding for isolated
26 school districts.

27 Funding for catastrophic special education and for isolated school
28 districts shall be allocated and funded to school districts pursuant to law
29 and rules governing the funding and from available funds in a line item
30 appropriation within the Public School Fund.

31
32 6-20-2007. Distribution adjustment for uniform rate of tax.

33 State funds to school districts under §§ 6-20-2004 and 6-20-2005 will
34 be an amount equal to the difference between:

35 (1) The total funding under §§ 6-20-2004 and 6-20-2005 for the
36 school district; and

1 (2) The sum of ninety-eight percent (98%) of uniform rate of
2 tax, established by Amendment 74, times the property assessment of the school
3 district plus seventy-five percent (75%) of the miscellaneous revenues of the
4 school district.

5
6 6-20-2008. Adjustment of funding for schools with increases in
7 students.

8 (a) If a school district's enrollment increases based on subsection
9 (b) of this section, state funding provided under this subchapter shall be
10 recalculated and additional funds distributed to the school district.

11 (b) A school district's enrollment increases if the school district's
12 second quarter average of the average daily membership of the current school
13 year exceeds the school district's average daily membership for the previous
14 school year.

15 (c) No school district shall lose state funding because of any
16 adjustments under this section.

17
18 6-20-2009. Calculation of payments and schedule of payments.

19 (a) The Department of Education shall calculate the amount of funds
20 authorized by this subchapter on at least three (3) occasions during the year
21 as follows:

22 (1) The first of these shall be done at the beginning of the
23 year.

24 (2) A second calculation shall occur at some point during the
25 year, making corrections for clerical errors and student growth.

26 (3) The third of these calculations shall be done at the end of
27 the year and shall settle all funding amounts due to school districts under
28 this subchapter.

29 (b) On or before July 1 of every year, the department shall set a
30 schedule of payments of funds authorized under this subchapter to school
31 districts.

32 (c) If statistical data required in this subchapter are not available
33 at the time they are required for calculations or if the school program is
34 disrupted for any cause not controlled by the local board of education, the
35 State Board of Education shall cause procedures to be developed which will
36 ensure that the provisions of this subchapter are properly enforced.

1
2 6-20-2010. Efficiency requirement.

3 (a)(1) Each school district and each school within the school district
4 must operate efficiently.

5 (2) Efficiency is achieved when each school within the school
6 district uses foundational funding in § 6-20-2004 to meet the cost of
7 complying with:

8 (A) The standards of accreditation as provided by rule or
9 as may be provided by law; and

10 (B) The minimum teacher salaries requirements of § 6-17-
11 2401, et seq.

12 (3) A determination of efficiency under this section shall not
13 include the cost of providing for special needs funded in § 6-20-2005.

14 (b) Any school that does not meet the requirements of subsection (a)
15 of this section shall be subject to sanctions under The Quality Education Act
16 of 2003, § 6-15-201, et. seq.

17
18 6-20-2011. Miscellaneous provisions.

19 (a) All general provisions, terms, phrases, and expressions used in
20 this subchapter or any related provisions of the Arkansas Code shall be
21 liberally construed to effectuate their purpose.

22 (b) The State Board of Education shall have the authority, acting
23 pursuant to its rule-making powers, to adopt regulations for the
24 implementation of the provisions of this subchapter in compliance with the
25 legislative findings and intent found in § 6-20-2002.

26 (c) If the Department of Education determines that an overpayment has
27 been made to a school district in any funding category authorized by this
28 subchapter, the department is authorized to withhold the overpayment from
29 future funding of the school district and is authorized to transfer the
30 amount withheld for the overpayment to the line item appropriation from which
31 the overpayment was initially made.

32 (d) Each school district shall prepare an annual statement of the
33 financial conditions and transactions of the school district as of June 30 of
34 each year in accordance with generally accepted accounting principles.

35 (e) In order for a school district to be entitled to state aid under
36 this subchapter, each school district shall satisfy the following

1 requirements:

2 (1) Expenditures for any fiscal year shall not exceed the legal
3 revenues for that year;

4 (2) The school district shall maintain such records and make
5 such reports relative to attendance, receipts, and disbursements and other
6 reports as required by the department for the administration of this
7 subchapter;

8 (3) The school district shall maintain proper financial records
9 in accordance with the state's school accounting manual and regulations
10 promulgated by the State Board of Education;

11 (4) The school district shall file annually with the State Board
12 of Education a salary schedule for its certified employees which recognizes a
13 minimum level of training and experience. This schedule shall reflect the
14 actual pay practices of the school district, including all fringe benefits.
15 Salary increments for experience or education, or both, shall be identified
16 on the schedule; and

17 (5)(A) All pupil attendance records shall be kept in their
18 original form and shall be public records.

19 (B) Pupil attendance records shall be kept according to
20 law and regulations, on paper or electronic forms either furnished or
21 approved by the department.

22 (C) Original pupil attendance records shall be kept on
23 file in the office of the superintendent of schools after the school term is
24 ended for a period of three (3) years and these records shall be available
25 for monitoring purposes during any day of the school term by the teachers or
26 other persons designated to keep attendance.

27 (f) School districts may not include the cost of substitute teachers,
28 extended contracts for extracurricular activities, or supplementary pay for
29 extracurricular activities in meeting the expenditures requirement for
30 student classroom teacher salaries.

31 (g) Any licensed classroom teacher or administrator that provides
32 false expenditure information may have his or her license placed on
33 probation, suspended, or revoked pursuant to rules promulgated by the State
34 Board of Education.

35
36 SECTION 2. Arkansas Code Title 6, Chapter 20, is amended to add the

1 following subchapter:

2 6-20-2201. Title.

3 This subchapter shall be known and may be cited as the “Arkansas
4 Educational Adequacy Accounting Act of 2003”.

5
6 6-20-2202. School district budget and expenditure report.

7 (a)(1) The board of directors of each school district shall annually
8 prepare a budget of expenditures and receipts that shall be filed with the
9 Department of Education by August 15 of each year pursuant to the provisions
10 of this subchapter.

11 (2) Each budget shall be approved by the school district board
12 of directors at a legally held meeting and shall be signed by the president
13 of the board and the ex officio financial secretary of the school district.
14 The budget shall contain the information and be prepared in an electronic
15 format prescribed by rules of the State Board of Education governing
16 financial accounting for Arkansas school districts.

17 (3) A school district that utilizes an electronic format shall
18 file the budget with the department no later than August 15 of each year.

19 (b)(1)(A) Warrants or checks of the school district issued after the
20 date required by subsection (a) of this section shall be invalid unless a
21 budget has been filed as required by this subchapter and in compliance with
22 appropriate rules.

23 (B) The ex officio financial secretary of the school
24 district and his surety shall be liable for any warrants or checks
25 countersigned after the date required by subsection (a) of this section if a
26 budget has not been filed.

27 (2) Distribution of all grants and aids from the state for which
28 the school district may be eligible shall be suspended until the requirements
29 of this subchapter are met.

30 (c)(1) School district budgets filed pursuant to this section shall be
31 reviewed by the auditors of the financial accountability office of the
32 department to determine if the requirements of state law and the rules of the
33 state board regarding the use of school funds and expenditure requirements
34 are being met.

35 (2) Upon approval by the auditors, copies of the approved budget
36 shall be filed with the school district, the county treasurer if serving as

1 school treasurer, and the department.

2 (d)(1) The ex officio financial secretary of each school district
3 shall keep a record of the daily expenditures and receipts of the school
4 district in the manner and on the forms as may be specified by rules of the
5 state board and the School Audit Section of the Division of Legislative
6 Audit. An annual record shall be filed by August 15 of each year.

7 (2) If the auditors of the financial accountability office of
8 the department or the School Audit Section of the Division of Legislative
9 Audit determine that the financial records of any school district are not
10 properly maintained or that the financial affairs of the school district are
11 not administered in accordance with state law or state board rules, grants
12 and aids from the state to which the school district may be entitled shall be
13 withheld until it is determined that the fiscal records of the school
14 district are in order or that the financial affairs are being properly
15 administered as established by statute or by rule promulgated by the board,
16 provided that the department has met all deadlines for providing information
17 to school districts.

18 (e)(1) The department may withhold state aid from any school district
19 that fails to file its budget or any other required report with the
20 department by the deadline established by statute or by rule promulgated by
21 the state board, provided that the department has met all deadlines for
22 providing pertinent information to school districts.

23 (2) The department shall submit a list of all required financial
24 accountability reports along with due dates to each school district by July 1
25 of each year.

26 (f) The state board shall promulgate the necessary rules to fully
27 implement the provisions of this section.

28 (g) The Treasurer of State shall withhold the monthly distribution of
29 county aid provided under § 19-5-602(b) from any county that fails to provide
30 in a timely manner information to the department concerning the annual
31 abstract of assessment for each school district located wholly or in part in
32 the county.

33
34 6-20-2203. Uniform budget and accounting system required.

35 (a) The State Board of Education shall adopt by rule a uniform budget
36 and accounting system for schools, school districts, education service

1 cooperatives, and open-enrollment charter schools. The rules shall be
2 approved by the Legislative Joint Auditing Committee.

3 (b) The uniform budget and accounting system shall include uniform
4 definitions for a chart of accounts that shall allow for valid comparisons of
5 expenditures among schools and among school districts. The uniform
6 definitions for the chart of accounts shall be developed by the Department of
7 Education in compliance with federal financial reporting requirements.

8 (c) The uniform budget and accounting system shall allow for the
9 gathering of data on separate functions and programs.

10 (d) The department shall place summary reports from data gathered from
11 the uniform budget and accounting system in a location that is accessible by
12 the public through the Internet, a personal computer, or other similar
13 technology.

14
15 6-20-2204. Reporting of expenditures.

16 (a) The State Board of Education shall adopt by rule a description of
17 expenditures that each school or school district shall report on its annual
18 school performance report authorized by the School Performance Report Act, §
19 6-15-1401 et seq. The rules shall be approved by the Legislative Joint
20 Auditing Committee.

21 (b) The reported expenditures shall include, but not be limited to,
22 the following categories:

- 23 (1) Total expenditures;
24 (2) Instructional expenditures;
25 (3) Administrative expenditures;
26 (4) Extracurricular expenditures;
27 (5) Capital expenditures; and
28 (6) Debt service expenditures.

29
30 6-20-2205. Monitoring of expenditures.

31 (a) The Department of Education shall create and maintain a database
32 of school and school district expenditures that allows for the gathering of
33 data on separate functions and programs as described in the Education Funding
34 Reform Act of 2003, § 6-20-2001 et seq.

35 (b) The department shall have the authority to analyze and inspect the
36 financial records of any school or school district in order to verify that a

1 school or school district is correctly and accurately reporting expenditures.

2 (c) The department shall annually submit a summary report to the State
3 Board of Education, the Governor, and the Senate and House Joint Interim
4 Committee concerning public school and public school district expenditures.

5
6 6-22-2206. Required training.

7 (a)(1) Any person whose job responsibility includes preparing the
8 budget or recording expenditures of a school or school district shall obtain
9 training and instruction necessary to demonstrate basic proficiency, as
10 determined by the Arkansas Public School Computer Network, in, including, but
11 not limited to:

12 (A) School laws of Arkansas;

13 (B) Laws and rules governing the expenditure of public
14 education funds, fiscal accountability, and school finance; and

15 (C) Ethics.

16 (2) Each year thereafter, any person whose job responsibility
17 includes preparing the budget or recording expenditures of a school or school
18 district shall obtain by December 31 of each calendar year, additional hours
19 of training and instruction in, including but not limited to, the topics
20 described in subdivision (a)(1) of this section. Hours of training and
21 instruction obtained in excess of the minimum requirements may cumulate and
22 be carried over from year to year.

23 (3)(A) The instruction shall be received from the Arkansas
24 Public School Network.

25 (B) Any instruction provider other than the department
26 shall request pre-approval as to form and content by the department.

27 (4) Any person completing thirty (30) hours of instruction shall
28 receive a certification of initial mastery from the department.

29 (5)(A) If a person fails to obtain the required training by the
30 end of the calendar year and fails to cure the deficiency by March 1 of the
31 following calendar year without filing a request for extension of time, as
32 determined from the records of the department, the department shall
33 immediately notify the superintendent of the employing school district by
34 certified mail, return receipt requested, with a copy to the board president.

35 (B) The superintendent shall notify the person by
36 certified mail, return receipt requested, and the person shall be unable to

1 continue in his or her position from the date of receipt of notification by
2 the superintendent.

3 (6) If the person fails to obtain all required training by the
4 end of the calendar year, this failure shall constitute one (1) citation
5 against the school district as measured by the Standards for Accreditation of
6 Arkansas Public Schools issued by the department.

7 (7) If the person is unable to obtain the required training
8 because of military service or illness as verified by a written sworn
9 statement of the person's attending physician, the department shall grant an
10 extension permitting the person additional time to obtain the required
11 training. The issuance of an extension shall not constitute a citation
12 against the school district as measured by the Standards for Accreditation of
13 Arkansas Public Schools issued by the department and shall not operate to
14 remove the person from his or her job.

15 (b)(1) A school district board of directors is authorized to pay per
16 diem and reimburse the expenses of a person required to obtain training under
17 this section.

18 (2) The expenses must be incurred in attending in-service
19 workshops, conferences, and other courses of training and instruction
20 necessary for completing the hours of instruction required under this
21 section, or other instruction as authorized and approved by the school
22 district board of directors.

23 (3) Payments may be made from funds belonging to the school
24 district.

25 (c) The State Board of Education shall modify the Standards for
26 Accreditation of Arkansas Public Schools issued by the department as may be
27 required by this section.

28 (d) It is the responsibility of the department to receive and maintain
29 records of instructional hours obtained by any individual covered under this
30 section.

31 (e) The state board is authorized to promulgate rules and regulations
32 consistent with the provisions of this section.

33
34 6-20-2207. Penalties.

35 Any school district that does not follow the provisions of this
36 subchapter shall be placed in fiscal distress under the Arkansas Fiscal

1 Assessment and Accountability Program, § 6-20-1901 et seq.

2
3 6-20-2208. Rule-making authority.

4 (a)(1) Before the 2004-2005 school year, the State Board of Education
5 shall promulgate rules governing and providing compliance with an established
6 uniform chart of accounts for budgeting of school and school district
7 revenues and expenditures and financial reporting in order for school
8 districts to comply with § 6-22-2202.

9 (2) These rules shall be applied to all school districts on a
10 pilot basis for the 2004-2005 school year.

11 (b) For the 2005-2006 school year and subsequent school years, the
12 Department of Education shall amend as necessary the rules provided for in
13 subsection (a) of this section in order for school districts to comply with
14 this subchapter.

15 (c) Any school district that fails to comply with state law or rules
16 governing and providing a uniform chart of accounts for budgeting of revenues
17 and expenditures and financial reporting shall be deemed to be in fiscal
18 distress and subject to the enforcement provisions of the Arkansas Fiscal
19 Assessment and Accountability Program, § 6-20-1901 et seq.

20 (d) Any school district that fails to comply with the expenditure
21 requirements of shall be deemed to be in fiscal distress and subject to the
22 enforcement provisions of the Arkansas Fiscal Assessment and Accountability
23 Program, § 6-20-1901 et seq. § 6-20-1901 et seq.

24
25 SECTION 3. Arkansas Code Title 6, Chapter 17, is amended to add the
26 following subchapter:

27 6-17-2401. Title.

28 This subchapter shall be known and may be cited as the “Minimum Teacher
29 Compensation Law of 2003”.

30
31 6-17-2402. Legislative intent.

32 The intent of this subchapter is for the State of Arkansas to create a
33 teacher compensation system that:

34 (1) Drives improvements in student academic achievement;

35 (2) Attracts and retains the best teachers possible;

36 (3) Provides teachers with meaningful and rewarding

1 opportunities for advancement in the profession based on the acquisition of
2 skills that enhance instructional excellence and student learning, taking on
3 leadership roles, and making exceptional professional contributions;

4 (4) Motivates and provides financial incentives for teacher
5 efforts and performance that leads directly to improved student achievement;

6 (5) Encourages and rewards teachers individually for increasing
7 their knowledge, skills, and competencies, and rewards teachers collectively
8 for improving student performance;

9 (6) Promotes a sense of ownership for student results and a
10 commitment to perform in a manner that promotes student achievement;

11 (7) Promotes professional collegial cooperation;

12 (8) Causes teachers to have a keen understanding of what is
13 expected of them and the priorities of the state; and

14 (9) Will be affordable, somewhat predictable, and in keeping
15 with the state's educational and fiscal objectives.

16
17 6-17-2403. Definitions.

18 As used in this subchapter:

19 (1) "Basic contract" means a teacher employment contract for a
20 number of days that does not exceed the number of days in the school year
21 required by the State Board of Education for accreditation for the school
22 year in which the contract is effective;

23 (2) "School-based performance awards" means the compensation
24 system defined in § 6-17-2308; and

25 (3) "Teacher" means any full-time employee of a public school
26 district who is compelled by law to secure a license from the State Board of
27 Education as a condition precedent to employment in a position in or related
28 to grades pre-kindergarten through twelve (preK-12) of the public schools of
29 this state.

30
31 6-17-2404. Minimum teacher compensation.

32 (a) The board of directors in each school district in the state shall
33 pay classroom teachers upon a minimum salary schedule that provides:

34 (1) Annual increments for education and experience;

35 (2) A base salary; and

36 (3) A minimum salary for a teacher with a master's degree and at

1 least fifteen (15) years of experience.

2 (b) In school year 2004-2005, each school district in the state shall
3 have in place a salary schedule that includes the following:

4 (1) A base salary of at least twenty-six thousand dollars
5 (\$26,000) for teachers with a bachelor's degree and no experience;

6 (2) A base salary of at least *twenty-nine thousand nine hundred*
7 *dollars* (\$29,900) for teachers with a master's degree and no experience; and

8 (3) Unless the school district's present salary schedule exceeds
9 the minimum requirements of this subsection (b), provision for at least
10 sixteen (16) annual increments for experience of:

11 (A) Four hundred fifty dollars (\$450) for a bachelor's
12 degree; and

13 (B) Five hundred dollars (\$500) for a master's degree.

14 (c) In school year 2005-2006, each school district in the state whose
15 teachers have not been assessed under § 6-17-2405 shall have in place a
16 salary schedule that includes the following:

17 (1) A base salary of at least twenty-seven thousand dollars
18 (\$27,000) for teachers with a bachelor's degree and no experience;

19 (2) A base salary of at least *thirty-one thousand fifty dollars*
20 *(\$31,050)* for teachers with a master's degree and no experience; and

21 (3) Unless the school district's present salary schedule exceeds
22 the minimum requirements of this subsection (c), provision for at least
23 sixteen (16) annual increments for experience of:

24 (A) Four hundred fifty dollars (\$450) for a bachelor's
25 degree; and

26 (B) Five hundred dollars (\$500) for a master's degree.

27 (d) In school year 2006-2007 and each school year thereafter, each
28 school district in the state shall have in place a salary schedule that
29 includes the following:

30 (1) A base salary of at least twenty-eight thousand dollars
31 (\$28,000) for teachers with a bachelor's degree and no experience;

32 (2) A base salary of at least *thirty-two thousand two hundred*
33 *dollars* (\$32,200) for teachers with a master's degree and no experience; and

34 (3) Unless the school district's present salary schedule exceeds
35 the minimum requirements of this subsection (d), provision for at least
36 sixteen (16) annual increments for experience of:

1 (A) Four hundred fifty dollars (\$450) for a bachelor's
2 degree; and

3 (B) Five hundred dollars (\$500) for a master's degree.

4 (e) For purposes of the salary schedules described in this section,
5 the teacher's experience shall be his or her total years in any school
6 district in the state and shall not be based only upon the years in the
7 school district in which he or she is currently employed.

8
9
10 6-17-2405. Knowledge and skills-based pay system pilot program.

11 (a) Beginning with the 2004-2005 school year, the Department of
12 Education shall establish a knowledge and skills-based pay system as a pilot
13 program. The pilot program shall be implemented in a limited number of
14 school districts that agree to participate in the pilot program.

15 (b) The pilot program shall be based on the following skill levels:

- 16 (1) Entry;
17 (2) Emerging Career;
18 (3) Career;
19 (4) Master; and
20 (5) Arkansas Fellow.

21
22 6-17-2406. Additional pay for certain teacher qualities.

23 (a)(1) For the school year 2004-2005 and every school year thereafter,
24 school districts shall pay a teacher an additional four and six tenths
25 percent (4.6%) of the teacher's salary if the teacher teaches in an academic
26 field in which there is a shortage of teachers.

27 (2) The State Board of Education shall determine each year the
28 academic areas in which there is a shortage of teachers.

29 (b)(1) For the school year 2004-2005, and every school year
30 thereafter, school districts shall pay a teacher an additional five percent
31 (5%) of the teacher's salary if the teacher teaches in a geographic area in
32 which there is difficulty in recruiting and retaining teachers.

33 (2) The State Board of Education shall determine each year the
34 geographic areas in which there is a difficulty in recruiting and retaining
35 teachers.

36 (c)(1) For the school year 2005-2006 and every school year thereafter,

1 school districts shall pay a teacher an additional five percent (5%) of the
2 teacher's salary if the teacher possesses academic credentials that are above
3 what is required for a standard teaching license.

4 (2) The State Board of Education shall promulgate rules that
5 provide which academic credentials will qualify for additional payments under
6 subsection (c)(1) of this section.

7
8 6-17-2407. School-based performance awards.

9 (a)(1) For the school year 2004-2005 and each year thereafter, the
10 Department of Education shall pay four (4) levels of school-based performance
11 awards to schools that exhibit excellence in meeting state performance goals.

12 (2) The State Board of Education shall promulgate rules that
13 provide the qualifications for receiving awards under this section.

14 (b)(1) The amount of the school-based performance award shall be based
15 upon the extent to which the school accomplished established student
16 achievement goals pursuant to the rules promulgated by the state board.

17 (2) A school that does not accomplish the goals will receive no
18 award.

19 (3) A school that has basic accomplishment of the goals will
20 receive an award equal to one thousand dollars (\$1,000) for each certified
21 teacher and administrator in the school, plus five hundred dollars (\$500) for
22 each support staff member in the school.

23 (4) A school that accomplishes targeted improvement goals will
24 receive an award equal to two thousand dollars (\$2,000) for each certified
25 teacher and administrator in the school, plus one thousand dollars (\$1,000)
26 for each support staff member in the school.

27 (5) A school that exceeds the targeted improvement goals will
28 receive an award equal to three thousand dollars (\$3,000) for each certified
29 teacher and administrator in the school, plus one thousand five hundred
30 dollars (\$1,500) for each support staff member in the school.

31
32 6-17-2408. Monitoring and assessment of the compensation system.

33 (a) The State Board of Education shall promulgate rules establishing a
34 system for the monitoring and assessment of the implementation and
35 continuation of the knowledge and skills-based pay system and the school-
36 based performance awards.

1 (b) The Director of the Department of Education shall establish a unit
2 within the Department of Education that is charged with the monitoring,
3 training, and assessment duties required by this subchapter.

4
5 6-18-2409. Future adjustments of the compensation system.

6 Each biennium, the House Interim Committee on Education and the Senate
7 Interim Committee on Education shall analyze the compensation levels provided
8 in this subchapter, review relevant data, and make recommendations to the
9 General Assembly for any adjustments to the compensation levels as needed to
10 further the objectives provided in § 6-17-2402.

11
12 SECTION 4. Arkansas Code § 6-23-501 is amended to read as follows:

13 6-23-501. Funding for open-enrollment charter schools.

14 (a)(1) An open-enrollment charter school shall receive funds equal to
15 ~~the minimum state and local revenue per average daily membership as defined~~
16 ~~in § 6-20-303~~ the amount that the open-enrollment charter school generates
17 under the provisions of the Education Funding Reform Act of 2003, § 6-20-
18 2001, et seq., as if it were a public school in a school district.

19 (2) Funding for an open-enrollment charter school shall be based upon
20 the current year three-quarter average daily membership of the open-
21 enrollment charter school as follows:

22 (A) The initial funding estimate for each school year shall be based
23 on enrollment as of April 15 preceding the school year in which the students
24 are to attend;

25 (B) In December, funding will be adjusted based on the first quarter
26 average daily membership; and

27 (C) A final adjustment will be made after the current year three-
28 quarter average daily membership is established.

29 (3) Funding for an open-enrollment charter school shall be paid in
30 twelve (12) equal installments each fiscal year.

31 (b) Except for state transportation aid funds, an open-enrollment
32 charter school may receive other state and federal aids, grants, and revenue
33 as may be provided by law.

34 (c) Open-enrollment charter schools may receive gifts and grants from
35 private sources in whatever manner is available to public school districts.

36

1 SECTION 5. Arkansas Code, Title 6, Chapter 20, Subchapter 3,
2 concerning the Equitable School Finance System Act of 1995, is repealed.

3 ~~6-20-301. Title.~~

4 ~~This subchapter shall be known as the "Equitable School Finance System~~
5 ~~Act of 1995".~~

6
7 ~~6-20-302. Legislative findings.~~

8 ~~(a) The General Assembly recognizes that intelligence and virtue are~~
9 ~~the safeguards of liberty and the bulwark of a free and good government and~~
10 ~~that the Arkansas Constitution, Article 14, § 1 requires the state to ever~~
11 ~~maintain a general, suitable, and efficient system of free public schools and~~
12 ~~to adopt all suitable means to secure to the people the advantages and~~
13 ~~opportunities of education.~~

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

21 ~~(c) The General Assembly finds that a suitable and efficient system of~~
22 ~~public education should:~~

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

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

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

32 ~~(4) Assure that:~~

33 ~~(A) All students graduating from high school are able to~~
34 ~~demonstrate a defined minimum level of competence in:~~

35 ~~(i) English communications, oral, reading, and~~
36 ~~writing;~~

- 1 ~~(ii) Mathematics skills; and~~
2 ~~(iii) Science and social studies disciplines; and~~
3 ~~(B) Such minimum level of competence evolves over time to~~
4 ~~higher levels;~~
5 ~~(5) Assure that students with disabilities have the opportunity~~
6 ~~to graduate from high school by demonstrating alternative competencies or~~
7 ~~alternative levels of competency;~~
8 ~~(6) Assure that students who are not on track for high school~~
9 ~~graduation are identified at a sufficiently early date that they may be~~
10 ~~provided an opportunity at a reasonable cost to achieve the minimum levels of~~
11 ~~competence necessary to graduate from high school;~~
12 ~~(7) Recognize that graduating from high school requires that the~~
13 ~~student, as well as the parent, parents, or guardian of the student, work~~
14 ~~hard and assume appropriate responsibility for the student's success or~~
15 ~~failure;~~
16 ~~(8) Encourage parental involvement in the public schools and~~
17 ~~public school activities;~~
18 ~~(9) Recognize that public schools must provide a safe,~~
19 ~~disciplined, and drug-free environment for students and teachers;~~
20 ~~(10) Avoid disproportionate variances among school districts in~~
21 ~~the financial support burden imposed on taxpayers;~~
22 ~~(11) Avoid unnecessary duplication of administrative and~~
23 ~~operational expenses;~~
24 ~~(12) Avoid disproportionate variances among school districts in~~
25 ~~the use of classroom teachers and capital resources; and~~
26 ~~(13) Recognize that early attention to and correction of student~~
27 ~~deficiencies are substantially less expensive and more effective than~~
28 ~~remedial efforts in the later school grades.~~
29 ~~(d)(1) The General Assembly acknowledges that the Arkansas~~
30 ~~Constitution requires the state to provide a general, suitable, and efficient~~
31 ~~system of free public schools.~~
32 ~~(2) Such obligation has been held by the Arkansas courts to be a~~
33 ~~paramount duty of the state.~~
34 ~~(e) The General Assembly recognizes that the supervision of public~~
35 ~~schools and the execution of the laws regulating the schools shall be vested~~
36 ~~in such officers as the General Assembly provides.~~

1 ~~(f) The state has a limited pool of resources to provide a general,~~
2 ~~suitable, and efficient system of free public schools.~~

3 ~~(g) The state recognizes the importance of local decision making in~~
4 ~~the education process.~~

5
6 ~~6-20-303. Definitions.~~

7 ~~As used in this subchapter, unless the context otherwise requires:~~

8 ~~(1) "Additional base funding" means the state funding to local~~
9 ~~school districts to ensure that a local school district's total state and~~
10 ~~local revenue per average daily membership is no less than the minimum state~~
11 ~~and local revenue per average daily membership;~~

12 ~~(2) "Additional mills for maintenance and operation" means~~
13 ~~millage levied by the electors of a local school district for maintenance and~~
14 ~~operation in excess of those allocated to the uniform rate of tax;~~

15 ~~(3) "Alternative learning environment" means an intervention~~
16 ~~program in compliance with §§ 6-18-508 and 6-18-509 that seeks to eliminate~~
17 ~~traditional barriers to learning for students and includes a component for~~
18 ~~the education of gifted and talented students;~~

19 ~~(4) "Average daily membership" means the total number of days~~
20 ~~attended plus the total number of days absent by students in grades~~
21 ~~kindergarten through twelve (K-12) during the first three (3) quarters of~~
22 ~~each school year divided by the number of school days actually taught in the~~
23 ~~district during that period of time rounded up to the nearest hundredth. In~~
24 ~~those instances in which the average daily membership for less than three (3)~~
25 ~~quarters is specified, the number of days used in the calculation shall be~~
26 ~~the days in the specified period of time. As applied to this subchapter,~~
27 ~~students who may be counted for average daily membership are:~~

28 ~~(A) Students who reside within the boundaries of the~~
29 ~~school district and who are enrolled in a public school operated by the~~
30 ~~district or a private school for special education students, with their~~
31 ~~attendance resulting from a written tuition agreement approved by the~~
32 ~~Department of Education;~~

33 ~~(B) Legally transferred students living outside the~~
34 ~~district but attending a public school in the district; and~~

35 ~~(C) Students who reside within the boundaries of the~~
36 ~~school district and who are enrolled in the Arkansas National Guard Youth~~

1 ~~Challenge Program, so long as the students are participants in the program;~~

2 ~~(5) "Base local revenue per student" means:~~

3 ~~(A) If Category 1 is fully funded, the local revenue per~~
4 ~~student in the local school district with the highest amount of local revenue~~
5 ~~per student; or~~

6 ~~(B) If Category 1 is not fully funded, the revenue per~~
7 ~~student to which the state equalizes, which is calculated by:~~

8 ~~(i) Taking the sum of:~~

9 ~~(a) The total available state aid for state~~
10 ~~equalization funding per student;~~

11 ~~(b) Ninety eight percent (98%) of the uniform~~
12 ~~rate of tax times the total state assessed valuation; and~~

13 ~~(c) Seventy five percent (75%) of the average~~
14 ~~miscellaneous funds collected in the previous five (5) years or previous~~
15 ~~year, whichever is less; and~~

16 ~~(ii) Dividing the sum by the total state average~~
17 ~~daily membership for the previous year;~~

18 ~~(6) "Classroom teacher" means:~~

19 ~~(A) An individual who is required to hold a teaching~~
20 ~~license from the department and who is engaged directly in instruction with~~
21 ~~students in a classroom setting for more than seventy percent (70%) of the~~
22 ~~individual's contracted time;~~

23 ~~(B) A guidance counselor; or~~

24 ~~(C) A librarian;~~

25 ~~(7) "Debt service funding supplement" means the state financial~~
26 ~~aid provided to qualifying local school districts for the purpose of reducing~~
27 ~~existing debt service burdens and increasing the amount of local revenue~~
28 ~~available for maintenance and operations expenditures and calculated as~~
29 ~~follows: For each mill of eligible debt service millage required, the local~~
30 ~~school shall be provided a dollar amount of no less than fifteen dollars~~
31 ~~(\$15.00) per average daily membership times the state wealth index;~~

32 ~~(8) "Debt service millage" means the total number of mills voted~~
33 ~~by the electors of a school district to be pledged as security for the~~
34 ~~retirement of bonded indebtedness;~~

35 ~~(9) "Debt service millage required" means the calculated millage~~
36 ~~rate equal to the amount of millage pledged to mandatory callable bonds plus~~

1 ~~the result of the scheduled calendar year bonded debt payment divided by the~~
2 ~~total assessed value of real, personal, and utility property in the local~~
3 ~~school district;~~

4 ~~(10) "Eligible debt service millage required" means, in the~~
5 ~~computation of the debt service funding supplement, the debt service millage~~
6 ~~required for bonds issued before May 30 of each year;~~

7 ~~(11) "Excess debt service millage" means the difference between~~
8 ~~the debt service millage levied and the debt service millage required. This~~
9 ~~amount shall be presumed to be available for maintenance and operation but~~
10 ~~may be used for other school purposes provided that the district is in~~
11 ~~compliance with the uniform rate of tax;~~

12 ~~(12) "General facility funding" means the state financial aid~~
13 ~~provided to each local school district from funds made available for that~~
14 ~~purpose and based on a facilities needs assessment justification approved by~~
15 ~~the department and calculated as follows: Multiply the local school~~
16 ~~district's average daily membership for the previous year by the state wealth~~
17 ~~index, times a rate established by the State Board of Education;~~

18 ~~(13) "Incentive funding" means the state financial aid provided~~
19 ~~to local school districts below the ninety fifth percentile for the purpose~~
20 ~~of eliminating the incentive a local school district may have to reduce its~~
21 ~~additional mills available for maintenance and operations and which is~~
22 ~~calculated by taking one half (1/2) of the difference between the amount of~~
23 ~~additional base funding a local school district would have received if it~~
24 ~~only levied the uniform rate of tax and the additional base funding the~~
25 ~~district receives in the current school year. For purposes of the calculation~~
26 ~~of the amount of additional base funding a district would have received if it~~
27 ~~had only levied the uniform rate of tax, twenty five percent (25%) of the~~
28 ~~miscellaneous funds received by any local school district shall be excluded~~
29 ~~from the calculation;~~

30 ~~(14) "Isolated funding" means the state financial aid provided~~
31 ~~to local school districts with an average daily membership of fewer than~~
32 ~~three hundred fifty (350) from funds made available for that purpose and~~
33 ~~which is calculated as follows:~~

34 ~~(A) (350 Previous year's average daily membership) divided~~
35 ~~by eight hundred fifty (850) times previous year's average daily membership~~
36 ~~times the base local revenue per student;~~

1 ~~(B)—Local school districts with an average daily~~
2 ~~membership density of less than one and two tenths (1.2) shall receive~~
3 ~~additional funds equal to fifty percent (50%) of aid received under~~
4 ~~subdivision (14)(A) of this section;~~

5 ~~(C)—For the purpose of calculating isolated funding, any~~
6 ~~local school district that has an average daily membership density greater~~
7 ~~than 5.0 shall be excluded. Provided, however, if a local school district has~~
8 ~~a local revenue per student less than sixty percent (60%) of the effective~~
9 ~~average, it shall receive isolated funding;~~

10 ~~(D)—No school district shall receive less isolated funding~~
11 ~~in future years than the district received during the 1996-1997 school year~~
12 ~~because of subdivision (14)(C) of this section; and~~

13 ~~(E)—If the statewide amount for isolated funding~~
14 ~~calculated pursuant to this section is less than the amount appropriated for~~
15 ~~isolated funding, the state board may include a funding factor to the~~
16 ~~calculation in subdivision (14)(A) of this section in order to expend up to~~
17 ~~the appropriated amount;~~

18 ~~(15)—"Local revenue per student" means in each year ninety-eight~~
19 ~~percent (98%) of the amount of revenue available, whether or not collected,~~
20 ~~in a local school district solely from the levy of the uniform rate of tax~~
21 ~~plus seventy five percent (75%) of the average miscellaneous funds collected~~
22 ~~in the previous five (5) years or the previous year, whichever is less,~~
23 ~~divided by the average daily membership of the local school district for the~~
24 ~~previous year;~~

25 ~~(16)—"Local school district" means a geographic area with an~~
26 ~~elected board of directors that qualifies as a taxing unit for purposes of ad~~
27 ~~valorem property taxes under § 26-1-101 et seq. and which board conducts the~~
28 ~~daily affairs of public schools pursuant to the supervisory authority vested~~
29 ~~in it by the General Assembly;~~

30 ~~(17)—"Local school district at the ninety fifth percentile"~~
31 ~~means, when ranking districts in descending order by the total state and~~
32 ~~local revenue per average daily membership, a district that falls at the~~
33 ~~ninety fifth percentile of the total number of pupils in attendance in the~~
34 ~~schools of this state, as described by 34 C.F.R. § 222.63 (1994);~~

35 ~~(18)—"Mandatory callable bonds" means a bond issue in which all~~
36 ~~net proceeds from debt service millage used to secure the issuance of that~~

1 ~~bond must be applied to payment of the issue and cannot be used for any other~~
2 ~~purpose;~~

3 ~~(19) "Millage rate" means the millage rate listed in the most~~
4 ~~recent tax ordinance approved by the county quorum court under the authority~~
5 ~~of § 14-14-904;~~

6 ~~(20) "Minimum state and local revenue per average daily~~
7 ~~membership" means an amount no less than eighty percent (80%) of the total~~
8 ~~state and local revenue per average daily membership of the local school~~
9 ~~district at the ninety fifth percentile;~~

10 ~~(21) "Miscellaneous funds" means those funds received by a local~~
11 ~~school district from federal forest reserves, federal grazing rights, federal~~
12 ~~mineral rights, federal impact aid, federal flood control, wildlife refuge~~
13 ~~funds, severance taxes, funds received by the district in lieu of taxes, and~~
14 ~~local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et~~
15 ~~seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et seq.;~~

16 ~~(22) "Previous year" means the school year immediately preceding~~
17 ~~the school year in which funds are allocated;~~

18 ~~(23) "State equalization funding per student" means the amount~~
19 ~~of state financial aid per average daily membership for the previous year~~
20 ~~provided to each local school district calculated by subtracting the local~~
21 ~~revenue per student from the base local revenue per student;~~

22 ~~(24) "State wealth index" means the result of one (1) minus the~~
23 ~~ratio of local revenue per student divided by state equalization funding per~~
24 ~~student;~~

25 ~~(25) "Student classroom teacher funding" means the state~~
26 ~~financial aid provided to each local school district calculated as an amount~~
27 ~~equal to the amount allocated for student classroom teacher funding divided~~
28 ~~by the total state average daily membership for the previous year times the~~
29 ~~receiving school district's average daily membership for the previous year;~~

30 ~~(26) "Student growth funding" means the amount of state~~
31 ~~financial aid provided to each local school district from the funds made~~
32 ~~available for that purpose calculated as the base local revenue per student~~
33 ~~multiplied by the increase, if any, in the local school district's two-~~
34 ~~quarter average of the average daily membership of the current year over the~~
35 ~~local school district's average daily membership for the previous year;~~

36 ~~(27) "Student needs funding" means the amount of state financial~~

1 aid provided to each local school district from available special education
 2 funding, vocational education funding, at risk funding, isolated funding,
 3 transportation aid, and any other categories of student needs funding which
 4 may be subsequently identified pursuant to rules and regulations promulgated
 5 by the state board;

6 (28) ~~"Student unit funding" means the state financial aid~~
 7 ~~provided to each local school district, which is calculated as follows: By~~
 8 ~~dividing the total funds available for textbook aid, alternative education,~~
 9 ~~including gifted and talented education programs, restructuring, and staff~~
 10 ~~development by the total state average daily membership for the previous year~~
 11 ~~and multiplying by the local school district's average daily membership for~~
 12 ~~the previous year;~~

13 (29) ~~"Total state and local revenue per average daily~~
 14 ~~membership" means in each local school district, the amount calculated by:~~

15 (A) ~~Taking the sum of:~~

16 (i) ~~The local school district's uniform rate of tax~~
 17 ~~times ninety eight percent (98%) of the district's assessed valuation;~~

18 (ii) ~~The local school district's additional mills~~
 19 ~~for maintenance and operation times ninety eight percent (98%) of the~~
 20 ~~district's assessed valuation;~~

21 (iii) ~~The local school district's miscellaneous~~
 22 ~~funds; and~~

23 (iv) ~~State equalization funding, student classroom~~
 24 ~~teacher funding, student unit funding, vocational funding, general facilities~~
 25 ~~funding, and student growth funding available to the local school district;~~
 26 ~~and~~

27 (B) ~~By dividing by the average daily membership of the~~
 28 ~~local school district; and~~

29 (30) ~~"Uniform rate of tax" means a uniform rate of ad valorem~~
 30 ~~property tax of twenty five (25) mills to be levied on the assessed value of~~
 31 ~~all taxable real, personal, and utility property in the state to be used~~
 32 ~~solely for the maintenance and operation of the schools. In calculating the~~
 33 ~~uniform rate of tax imposed by Arkansas Constitution, Article 14, § 3, as~~
 34 ~~amended by Amendments 11, 40, and 74, the following categories of millage may~~
 35 ~~be utilized to meet the minimum millage requirement:~~

36 (A) ~~The local school district's maintenance and operation~~

1 millage;

2 (B) ~~The dedicated maintenance and operation millage;~~

3 (C) ~~Excess debt service millage; and~~

4 (D) ~~The millage derived from the ratio of the debt service~~
5 ~~funding supplements divided by the total assessment.~~

6
7 ~~6-20-304. Liberal construction.~~

8 ~~All general provisions, terms, phrases, and expressions used in this~~
9 ~~subchapter or any related provisions of this Code shall be liberally~~
10 ~~construed so as to effectuate its purposes.~~

11
12 ~~6-20-305. Miscellaneous.~~

13 ~~The State Board of Education shall have authority, acting pursuant to~~
14 ~~its rule-making powers, to adopt regulations for the implementation of the~~
15 ~~provisions of this subchapter.~~

16
17 ~~6-20-306. School funding.~~

18 ~~(a)(1) Beginning with the 1996-1997 school year, the Department of~~
19 ~~Education shall provide from available funds the following school funding~~
20 ~~categories in the priorities listed to local school districts:~~

21 (A) ~~Category 1. State equalization funding per student;~~

22 (B) ~~Category 2. Student classroom teacher funding;~~

23 (C) ~~Category 3. Student unit funding; and~~

24 (D) ~~Category 4. Student needs funding.~~

25 ~~(2) No subsequent category of funding shall receive any funding~~
26 ~~until each prior category is fully funded.~~

27 ~~(b)(1) If any category of funding excluding Category 1 is only~~
28 ~~partially funded, each local school district shall receive a pro rata share.~~

29 ~~(2) However, if the General Assembly determines that any element~~
30 ~~of Category 3 or 4 needs to be funded before full funding of any preceding~~
31 ~~category is achieved, then that subset of either Category 3 or Category 4~~
32 ~~shall be funded exclusive of the previously listed categories.~~

33
34 ~~6-20-307. Facilities.~~

35 ~~(a) General facilities funding, isolated funding, and student growth~~
36 ~~shall be provided to local school districts from available funds in a line~~

1 ~~item appropriation within the Public School Fund.~~

2 ~~(b)(1) The state shall provide from available funds a debt service~~
3 ~~funding supplement to qualifying local school districts for the purpose of~~
4 ~~reducing debt service burdens issued before May 30 of each fiscal year and~~
5 ~~increasing the amount of local revenue available for maintenance and~~
6 ~~operations expenditures.~~

7 ~~(2) The legislative intent is to continue providing a debt~~
8 ~~service funding supplement to qualifying local school districts through~~
9 ~~available funds in a line item appropriation within the fund.~~

10
11 ~~6-20-308. Department of Education to provide funding—Adjustments for~~
12 ~~overpayments.~~

13 ~~(a)(1) After determining the amount of state equalization funding,~~
14 ~~student classroom teacher funding, student unit funding, vocational funding,~~
15 ~~general facilities funding, and student growth funding available to each~~
16 ~~local school district, the Department of Education shall provide any~~
17 ~~additional base funding necessary to ensure that the total state and local~~
18 ~~revenue per average daily membership of each local school district is no less~~
19 ~~than the minimum state and local revenue per average daily membership.~~

20 ~~(2) For the purposes of additional base funding, any questions as to~~
21 ~~what revenue shall be included will be determined by reference to 34 C.F.R. §~~
22 ~~222.63 (1994).~~

23 ~~(b) A school district shall not lose any state funding as a result of~~
24 ~~debt service savings produced by refunding outstanding bonds provided that:~~

25 ~~(1) The yearly savings produced by the refunding is deposited~~
26 ~~into a refunding savings building fund and is used by the district for the~~
27 ~~building and equipping of school buildings, for major adaptations to a~~
28 ~~facility, or for purchasing sites therefor; and that~~

29 ~~(2) Prior to the date that the refunding bonds are sold at~~
30 ~~public sale, the district submits a certificate to the Director of the~~
31 ~~Department of Education certifying that the yearly debt service savings will~~
32 ~~be used for the purposes described in this subsection (b).~~

33 ~~(c) If the department shall determine that an overpayment has been~~
34 ~~made to a local school district in any appropriation authorized by this~~
35 ~~subchapter, the department is authorized to withhold the overpayment from~~
36 ~~state equalization funding and is authorized to transfer the amount withheld~~

1 ~~for the overpayment to the line item appropriation from which the overpayment~~
2 ~~was initially made.~~

3
4 ~~6-20-309. Local school districts—Restrictions on use of specific~~
5 ~~funding.~~

6 ~~(a) Local school districts may expend Category 1 funds for student~~
7 ~~classroom teacher funding, student unit funding, and student needs funding.~~

8 ~~(b) A local school district may only use general facilities funding~~
9 ~~for the purchase of school buses, furniture, equipment, and computer software~~
10 ~~or for the renovation or repairs of existing facilities.~~

11 ~~(c) Local school districts may not use student classroom teacher~~
12 ~~funding to compensate anyone other than classroom teachers.~~

13
14 ~~6-20-310. Local school districts—Required expenditures.~~

15 ~~(a) Local school districts shall expend state and local revenues on~~
16 ~~students evaluated as special education students in accordance with existing~~
17 ~~federal and state laws and Department of Education regulations.~~

18 ~~(b) Local school districts shall expend state and local revenues on~~
19 ~~students in alternative learning environments and in gifted and talented~~
20 ~~programs in accordance with existing state laws and department regulations.~~

21
22 ~~6-20-311. Local school districts.~~

23 ~~(a) Beginning with the 1995-1996 school year, each local school~~
24 ~~district shall prepare an annual certified audit of the financial condition~~
25 ~~and transactions of the local school district as of June 30 of each year in~~
26 ~~accordance with generally accepted accounting practices and containing any~~
27 ~~other data as determined by the State Board of Education.~~

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

30 ~~(c) [Repealed.]~~

31
32 ~~6-20-319. Other requirements for state aid.~~

33 ~~In order for a district to be entitled to state aid under the~~
34 ~~provisions of this subchapter, each district shall satisfy the following~~
35 ~~requirements:~~

36 ~~(1) Expenditures for any fiscal year shall not exceed the legal~~

1 ~~revenues for that year;~~

2 ~~(2) The district shall maintain such records and make such~~
3 ~~reports relative to attendance, receipts, and disbursements and other reports~~
4 ~~as required by the Department of Education for the administration of this~~
5 ~~subchapter;~~

6 ~~(3) The district shall maintain proper financial records in~~
7 ~~accordance with the state's school accounting manual and regulations~~
8 ~~promulgated by the State Board of Education;~~

9 ~~(4) The district shall file with the board annually a salary~~
10 ~~schedule for its certified employees which recognizes a minimum level of~~
11 ~~training and experience. This schedule shall reflect the actual pay practices~~
12 ~~of the district, including all fringe benefits. Salary increments for~~
13 ~~experience or education, or both, shall be identified on the schedule;~~

14 ~~(5) All pupil attendance records shall be kept in their original~~
15 ~~form and shall be public records. They shall be kept according to law and~~
16 ~~regulations, on paper or electronic forms either furnished or approved by the~~
17 ~~department. Original attendance records shall be kept on file in the office~~
18 ~~of the superintendent of schools after the school term is ended for a period~~
19 ~~of three (3) years, and these records shall be available for monitoring~~
20 ~~purposes during any day of the school term by the teachers or other persons~~
21 ~~designated to keep attendance.~~

22
23 ~~6-20-320. Computation of classroom teacher salaries.~~

24 ~~Local school districts may not include the cost of substitute teachers,~~
25 ~~extended contracts for extracurricular activities, or supplementary pay for~~
26 ~~extracurricular activities in meeting the expenditures requirement for~~
27 ~~student classroom teacher salaries.~~

28
29 ~~6-20-323. Special needs students.~~

30 ~~(a) The Department of Education shall provide special assistance for~~
31 ~~students with special needs to local school districts from available revenues~~
32 ~~from line item appropriations in the Public School Fund.~~

33 ~~(b) Funding for students with limited English proficiency shall be~~
34 ~~based upon actual students who have been identified based on the use of an~~
35 ~~English proficiency assessment instrument. These funds shall be distributed~~
36 ~~pro rata based upon the number of students identified as limited English~~

1 proficient.

2 ~~(c) Funding for special education—catastrophic occurrences shall be~~
3 ~~based upon those individual cases where special education and related~~
4 ~~services required by the individualized education program of a particular~~
5 ~~student with disabilities are unduly expensive, extraordinary, or beyond the~~
6 ~~routine and normal costs associated with special education and related~~
7 ~~services provided by a local school district.~~

8 ~~(d)(1) Funding for students with low socioeconomic status shall be~~
9 ~~based on students in kindergarten through grade one (K-1) living in areas~~
10 ~~with high concentrations of low income families or from low income families~~
11 ~~as indicated by eligibility for the free or reduced price lunch program under~~
12 ~~the National School Lunch Act or any other act of Congress. These funds shall~~
13 ~~be used only for early intervention strategies sanctioned by the department~~
14 ~~in reading and writing literacy or mathematics for students in pre-~~
15 ~~kindergarten through grade one (preK-1).~~

16 ~~(2) Funding for students with low socioeconomic status shall~~
17 ~~only be funded through June 30, 2005.~~

18 ~~(e) Funding for students in alternative learning environments shall be~~
19 ~~distributed either through grants, competitive or otherwise, or pro rata~~
20 ~~based upon the number of full-time equivalent students participating in a~~
21 ~~nontraditional or flexible instructional program designed to improve student~~
22 ~~achievement in the core academic subjects which the students could not~~
23 ~~achieve in a regular classroom environment.~~

24 ~~(f) The State Board of Education shall promulgate rules and~~
25 ~~regulations for the disbursement of available funds for special needs~~
26 ~~students explicated in this section.~~

27
28 ~~6-20-324. Incentive revenues to encourage local millage.~~

29 ~~After the calculation and provision of additional base funding, the~~
30 ~~Department of Education shall provide incentive funding to local school~~
31 ~~districts below the district at the ninety fifth percentile in order to~~
32 ~~reward local school districts for levying additional mills available for~~
33 ~~maintenance and operations and in order to remove the potential disincentive~~
34 ~~for a local school district to reduce its additional mills available for~~
35 ~~maintenance and operations in order to receive additional base funding or in~~
36 ~~order to receive an increase in additional base funding.~~

1

2 ~~6-20-325. State equalization funding for natural disaster areas.~~3 ~~(a) When any county in the State of Arkansas is declared a disaster~~
4 ~~area by the Federal Emergency Management Administration, the school districts~~
5 ~~that experienced loss of students due to the disaster and that are located~~
6 ~~within that county shall receive funding.~~7 ~~(b)(1) The school district shall be responsible for requesting these~~
8 ~~funds and for providing documentation required by the Department of~~
9 ~~Education.~~10 ~~(2) The school district is required to document the loss in~~
11 ~~enrollment specifically due to the disaster.~~12 ~~(c)(1) Funding shall be provided for two (2) years, based on the loss~~
13 ~~in revenues from the loss in average daily membership in the first year~~
14 ~~subsequent to the natural disaster as compared to the year in which the~~
15 ~~natural disaster occurred.~~16 ~~(2) Funding shall be calculated each fiscal year, with each~~
17 ~~qualifying school district receiving either full reimbursement or a pro-rata~~
18 ~~share of the total funds available.~~19 ~~(d) A school district may not receive funds both for a loss in~~
20 ~~students due to a natural disaster and for a loss in revenues due to a loss~~
21 ~~in students.~~22 ~~(e) These funds shall be distributed in accordance with rules and~~
23 ~~regulations promulgated by the department.~~

24

25 ~~6-20-326. Districts losing revenues.~~26 ~~(a) The Department of Education shall provide funding to local school~~
27 ~~districts from available funds to aid local school districts which have~~
28 ~~suffered a significant loss of revenues. The loss of revenues considered~~
29 ~~under this section shall have occurred in a one-year period. Funding under~~
30 ~~this section shall only be for one (1) year and shall be considered~~
31 ~~nonrestricted revenues included in the calculation of total state and local~~
32 ~~funding per average daily membership.~~33 ~~(b) Under no circumstances may a school district receive both student~~
34 ~~growth funding and loss funding authorized by this section. If a school~~
35 ~~district qualifies for both student growth funding and loss funding, then the~~
36 ~~school district shall receive the greater of the two (2) amounts.~~

1 ~~(c) The State Board of Education shall promulgate rules and~~
2 ~~regulations for the disbursement of available funds for local school~~
3 ~~districts' lost revenues.~~

4
5 ~~6-20-327. Calculation and disbursement of funds authorized.~~

6 ~~(a) The Department of Education shall calculate the amount of funds~~
7 ~~authorized by this subchapter on three (3) occasions during the year. The~~
8 ~~first of these shall be done at the beginning of the year. A second~~
9 ~~calculation shall occur at some point during the year, making corrections for~~
10 ~~clerical errors and student growth. The third of these calculations shall be~~
11 ~~done at the end of the year and shall settle all funding amounts due to~~
12 ~~school districts under this subchapter.~~

13 ~~(b) On or before July 1 of every year, the department shall set a~~
14 ~~schedule of payments of funds authorized under this subchapter to school~~
15 ~~districts.~~

16 ~~(c) If statistical data required in this subchapter are not available~~
17 ~~at the time they are required for calculations or if the school program is~~
18 ~~disrupted for any cause not controlled by the local board of education, the~~
19 ~~State Board of Education shall cause procedures to be developed which will~~
20 ~~ensure that the provisions of this subchapter are properly enforced.~~

21
22 SECTION 6. Arkansas Code, Title 6, Chapter 17, Subchapter 10, minimum
23 salaries for teachers, is repealed.

24 ~~6-17-1001. Minimum base salary—Master's degree.~~

25 ~~(a)(1) The board of directors in each school district in the state~~
26 ~~shall pay its teachers upon a salary schedule which has annual increments for~~
27 ~~education and experience and which provides for a base salary, a minimum~~
28 ~~salary for a teacher with a master's degree, and at least fifteen (15) years~~
29 ~~of experience as described in this section.~~

30 ~~(2) Beginning with the 2003-2004 school year, the teacher's experience~~
31 ~~for purposes of salary and benefits shall be his or her total years in any~~
32 ~~school district in the state and shall not be based on only the years in the~~
33 ~~district in which he or she is currently employed.~~

34 ~~(b) In school year 2000-2001 and in each school year thereafter, no~~
35 ~~school district shall pay its teachers with a bachelor's degree and no~~
36 ~~experience less than twenty one thousand eight hundred sixty dollars~~

1 ~~(\$21,860).~~

2 ~~(c) In school year 2000-2001 and in each school year thereafter,~~
3 ~~school districts shall pay teachers with a master's degree and no experience~~
4 ~~at least one hundred fifteen percent (115%) of the minimum base salary~~
5 ~~prescribed in subsection (b) of this section.~~

6 ~~(d) In school year 2001-2002 and in each school year thereafter,~~
7 ~~school districts shall pay a teacher with a master's degree and at least~~
8 ~~fifteen (15) years of experience one hundred fifty percent (150%) of the~~
9 ~~state minimum base salary.~~

10 ~~(e)(1) In school year 1995-1996 and in each school year thereafter,~~
11 ~~each school district in the state shall have in place a salary schedule which~~
12 ~~provides at least fourteen (14) annual increments for experience.~~

13 ~~(2) In school year 2001-2002 and in each school year thereafter,~~
14 ~~each school district in the state shall have in place a salary schedule which~~
15 ~~provides at least fifteen (15) annual increments for experience.~~

16 ~~(3) In school year 2001-2002 and in each school year thereafter,~~
17 ~~each school district in the state shall have in place a salary schedule with~~
18 ~~at least the following minimum levels of compensation:~~

Years Experience	BA Degree Salary	MA Degree Salary
0	\$21,860	\$25,139
1	22,304	25,649
2	22,748	26,159
3	23,192	26,669
4	23,636	27,179
5	24,080	27,689
6	24,524	28,199
7	24,968	28,709
8	25,412	29,219
9	25,856	29,729
10	26,300	30,239
11	26,744	30,749
12	27,188	31,259
13	27,632	31,769
14	28,076	32,279

1 ~~_____ 15 or more _____ 28,520 _____ 32,789~~

2 ~~(f) For the 1997-98 school year and for each year thereafter, each~~
 3 ~~school district shall provide no less than four hundred dollar increments for~~
 4 ~~experience for teachers with one (1) and two (2) years of experience.~~

5 ~~(g) For the 1998-1999 school year and for each year thereafter, each~~
 6 ~~school district shall provide no less than four hundred dollar increments for~~
 7 ~~experience for teachers with three (3) and four (4) years of experience.~~

8 ~~(h) For the 1999-2000 school year and for each year thereafter, each~~
 9 ~~school district shall provide no less than four hundred dollar increments for~~
 10 ~~experience for teachers with five (5) and six (6) years of experience.~~

11 ~~(i) For the 2000-2001 school year and for each year thereafter, each~~
 12 ~~school district shall provide no less than four hundred dollar increments for~~
 13 ~~experience for teachers with seven (7) and eight (8) years of experience.~~

14 ~~(j) For the 2001-2002 school year and for each year thereafter, each~~
 15 ~~school district shall provide no less than four hundred dollar increments for~~
 16 ~~experience for teachers with nine (9) and ten (10) years of experience.~~

17 ~~(k) For the 2002-2003 school year and for each year thereafter, each~~
 18 ~~school district shall provide no less than four hundred dollar increments for~~
 19 ~~experience for teachers with eleven (11) and twelve (12) years of experience.~~

20 ~~(l)(1) For the 2003-2004 school year and for each year thereafter,~~
 21 ~~each school district shall provide no less than four hundred dollar~~
 22 ~~increments for experience for teachers with thirteen (13) years of~~
 23 ~~experience.~~

24 ~~(2) For the 2004-2005 school year and for each year thereafter,~~
 25 ~~each school district shall provide no less than four hundred dollar~~
 26 ~~increments for experience for teachers with fourteen (14) years of~~
 27 ~~experience.~~

28 ~~(3) For the 2005-2006 school year and for each year thereafter,~~
 29 ~~each school district shall provide no less than four hundred dollar~~
 30 ~~increments for experience for teachers with fifteen (15) years of experience.~~

31 ~~(m) Subsections (f) (l) of this section shall not apply to any local~~
 32 ~~school district whose minimum salary for teachers exceeds twenty one thousand~~
 33 ~~eight hundred sixty dollars (\$21,860) and whose average salary exceeds the~~
 34 ~~state average salary for teachers for the previous year.~~

35 ~~(n) As used in this section, "teacher" shall include any full time~~
 36 ~~employee of a local public school district.~~

1 ~~(1) Who is compelled by law to secure a license from the State~~
2 ~~Board of Education as a condition precedent to employment in a position in or~~
3 ~~related to grades prekindergarten through twelve (preK-12) of the public~~
4 ~~schools of this state; and~~

5 ~~(2) Who is:~~

6 ~~(A) Engaged directly in instruction with students in a~~
7 ~~classroom setting for more than seventy percent (70%) of the individual's~~
8 ~~contracted time;~~

9 ~~(B) A guidance counselor; or~~

10 ~~(C) A librarian.~~

11 ~~(o) All minimum salaries set forth in this section shall be for a~~
12 ~~contract number of days that is not more than the number of days in the~~
13 ~~school year required by the State Board of Education's regulations for~~
14 ~~accreditation for the school year in which the contract is effective.~~

15 ~~(p)(1) A district that determines that it cannot meet the minimum~~
16 ~~salary requirements of this section from funds available may petition the~~
17 ~~Department of Education for a waiver of the requirements of this section for~~
18 ~~up to three (3) school years based on regulations promulgated by the State~~
19 ~~Board of Education.~~

20 ~~(2) The department shall not grant a waiver to any district that~~
21 ~~is not in compliance with the uniform rate of tax requirements under Arkansas~~
22 ~~Constitution, Amendment 74.~~

23
24 ~~6-17-1002. Salary amount—Annual review.~~

25 ~~(a) The salaries fixed herein shall be regarded as minimum salaries~~
26 ~~only, and each district may supplement such salaries. No teacher shall~~
27 ~~receive a reduced salary as a result of this subchapter's requirements.~~

28 ~~(b) Base salary shall not be raised until all teachers within a~~
29 ~~district are paid equal to or greater than the minimum requirements~~
30 ~~established herein. Each school district shall develop its own salary~~
31 ~~schedule with salaries equal to or greater than the required minimums set~~
32 ~~forth herein.~~

33 ~~(c) The Arkansas Teachers' Salaries Study Commission shall annually~~
34 ~~review the minimum base salary and make recommendations to the Department of~~
35 ~~Education, the Governor, and the General Assembly for such modifications as~~
36 ~~the commission shall deem appropriate.~~

1
2 ~~6-17-1003. Enforcement—Appeal—Rules and regulations.~~

3 ~~(a) The State Board of Education is empowered to enforce the~~
4 ~~provisions of this subchapter and is specifically authorized to order the~~
5 ~~dissolution and merger of any school district which fails to comply with the~~
6 ~~minimum salary requirements established by this subchapter. Any appeal from a~~
7 ~~decision of the board ordering the dissolution and merger of a school~~
8 ~~district for failure to comply with the provisions of this subchapter shall~~
9 ~~be filed in the Circuit Court of Pulaski County and must be filed within~~
10 ~~thirty (30) days of the decision of the board.~~

11 ~~(b) The board shall issue rules and regulations to implement this~~
12 ~~subchapter.~~

13
14 ~~6-17-1004. Salary goals.~~

15 ~~(a) The personnel policies committees and negotiating teams~~
16 ~~established and maintained in Arkansas public schools are encouraged to set~~
17 ~~and meet five-year goals to substantially increase teacher salaries. In~~
18 ~~setting realistic yet meaningful salary goals, the committees and teams shall~~
19 ~~consider exceeding the state, regional Southern Regional Education Board~~
20 ~~states, border states, or national average salaries for teachers.~~

21 ~~(b) Within two (2), four (4), and five (5) years following the~~
22 ~~adoption of this section, school districts shall report to the Arkansas~~
23 ~~Teachers' Salaries Study Commission and the Department of Education the goals~~
24 ~~developed, adopted, and met.~~

25
26 SECTION 7. Effective Date.

27 This act shall become effective on July 1, 2004.

28
29 */s/ Cleveland, et al*