

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

# A Bill

HOUSE BILL 1568

4  
5 By: Representative Mahony  
6  
7

## For An Act To Be Entitled

8  
9 AN ACT TO AMEND THE ARKANSAS EDUCATIONAL  
10 FINANCIAL ACCOUNTING AND REPORTING ACT OF 2004;  
11 AND FOR OTHER PURPOSES.  
12

## Subtitle

13  
14 AN ACT TO AMEND THE ARKANSAS EDUCATIONAL  
15 FINANCIAL ACCOUNTING AND REPORTING ACT  
16 OF 2004.  
17  
18

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

21 SECTION 1. Arkansas Code Title 6, Chapter 20, Subchapter 22 is amended  
22 to read as follows:

23 6-20-2201. Title.

24 This subchapter shall be known ~~and may be cited~~ as the "Arkansas  
25 Educational Financial Accounting and Reporting Act of 2004".  
26

27 6-20-2202. Budget and expenditure report.

28 (a)(1) The board of directors of each school district, ~~local education~~  
29 ~~agency~~ open-enrollment charter school, and education service cooperative  
30 shall annually prepare a budget of expenditures and receipts that shall be  
31 filed with the Department of Education by ~~September 1~~ September 15 of each  
32 year pursuant to the provisions of this subchapter.

33 (2) Each budget shall be approved by the board of directors of  
34 each school district, ~~local education agency~~ open-enrollment charter school,  
35 and education service cooperative at a legally held meeting and shall be  
36 signed by the president of the board and the ex officio financial secretary



1 of each school district, ~~local education agency~~ open-enrollment charter  
 2 school, and education service cooperative. The budget shall contain the  
 3 information and be prepared in an electronic format prescribed by ~~rules of~~  
 4 ~~the State Board of Education~~ the Department of Education governing financial  
 5 accounting for Arkansas school districts, ~~local education agencies~~ open-  
 6 enrollment charter school, and education service cooperatives.

7 (b)(1)(A) Warrants or checks of a school district, ~~local education~~  
 8 ~~agency~~ open-enrollment charter school, or education service cooperative  
 9 issued after the date required by subsection (a) of this section shall be  
 10 invalid unless a budget has been filed as required by this subchapter and in  
 11 compliance with appropriate rules.

12 (B) The ex officio financial secretary of a school  
 13 district, ~~local education agency~~ open-enrollment charter school, or education  
 14 service cooperative and his or her surety shall be liable for any warrants or  
 15 checks countersigned after the date required by subsection (a) of this  
 16 section if a budget has not been filed.

17 (2) ~~Distribution~~ If the department has met all deadlines for  
 18 providing information to school districts, open-enrollment charter schools,  
 19 or education service cooperatives, distribution of all grants and aids from  
 20 the state for which the school district, ~~local education agency~~ open-  
 21 enrollment charter school, or education service cooperative may be eligible  
 22 shall be suspended until the requirements of this subchapter are met.

23 (c)(1) School district, ~~local education agency~~ open-enrollment charter  
 24 school, and education service cooperative budgets filed pursuant to this  
 25 section shall be reviewed by the auditors of the financial accountability  
 26 office of the department to determine if the requirements of state law and  
 27 the rules of the state board regarding the use of school, ~~local education~~  
 28 ~~agency~~ open-enrollment charter school, and education service cooperative  
 29 funds and expenditure requirements are being met.

30 (2) Upon approval by the auditors, copies of the approved budget  
 31 shall be filed with the school district, ~~local education agency~~ open-  
 32 enrollment charter school, education service cooperative, the county  
 33 treasurer if serving as school treasurer, and the department.

34 (d)(1) The ex officio financial secretary of each school district,  
 35 ~~local education agency~~ open-enrollment charter school, and education service  
 36 cooperative shall keep a record of the daily expenditures and receipts of the

1 school district, ~~local education agency~~ open-enrollment charter school, or  
 2 education service cooperative in the manner and on the forms as may be  
 3 specified by rules of the state board. An annual record shall be filed by  
 4 ~~September 1~~ September 15 of each year with the department.

5 (2) If the auditors of the financial accountability office of  
 6 the department determine that the financial records of any school district,  
 7 ~~local education agency~~ open-enrollment charter school, or education service  
 8 cooperative are not properly maintained or that the financial affairs of the  
 9 school district, ~~local education agency~~ open-enrollment charter school, or  
 10 education service cooperative are not administered in accordance with state  
 11 law or state board rules, grants and aids from the state to which the school  
 12 district, ~~local education agency~~ open-enrollment charter school, or education  
 13 service cooperative may be entitled shall be withheld until it is determined  
 14 that the fiscal records of the school district, ~~local education agency~~ open-  
 15 enrollment charter school, or education service cooperative are in order or  
 16 that the financial affairs are being properly administered as established by  
 17 statute or by rule promulgated by the board, provided that the department has  
 18 met all deadlines for providing information to school districts, ~~local~~  
 19 ~~education agencies~~ open-enrollment charter schools, or education service  
 20 cooperatives. ~~The Division of Legislative Audit may assist the auditors of~~  
 21 ~~the department upon request of the department.~~

22 (e)(1) The department may withhold state aid from any school district,  
 23 ~~local education agency~~ open-enrollment charter school, or education service  
 24 cooperative that fails to file its budget or any other required report with  
 25 the department by the deadline established by statute or by rule promulgated  
 26 by the state board or by the due dates established by the department pursuant  
 27 to subsection (e)(2) of this section, provided that the department has met  
 28 all deadlines for providing pertinent information to school districts, ~~local~~  
 29 ~~education agencies~~ open-enrollment charter school, or education service  
 30 cooperatives.

31 (2) The department shall submit a list of all required financial  
 32 accountability reports along with due dates to each school district, ~~local~~  
 33 ~~education agency~~ open-enrollment charter school, and education service  
 34 cooperative by July 1 of each year.

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

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

6  
7 6-20-2203. Uniform budget and accounting system required.

8 (a)(1) The State Board of Education shall adopt by rule a uniform  
9 budget and accounting system ~~consistent with the Handbook IIR2 or future~~  
10 ~~revisions as published by the Office of Educational Research and Improvements~~  
11 ~~of the United States Department of Education, for school districts, local~~  
12 ~~education agencies, education service cooperatives, and open-enrollment~~  
13 ~~charter schools that shall be known as the Arkansas Educational Financial~~  
14 Accounting and Reporting System.

15 (2) This system shall establish and implement the process and  
16 procedures for financial reporting as required by § 6-20-2201 et seq., for  
17 school districts, education service cooperatives, and open-enrollment charter  
18 schools.

19 (3)(A) The Department of Education shall establish and implement  
20 pursuant to § 6-20-2207, a uniform chart of accounts known as the Arkansas  
21 Financial Accounting Handbook "Arkansas Handbook".

22 (B) The Arkansas Financial Accounting Handbook shall be  
23 incorporated by reference into the rules governing the Arkansas Educational  
24 Financial Accounting and Reporting System.

25 (C) However, the Arkansas Financial Accounting Handbook  
26 shall be exempt from the rule making process and procedures required pursuant  
27 to the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

28 (4) The rules shall be developed by the State Board of Education  
29 ~~Department of Education~~ in cooperation with the Department of Education,  
30 representatives from the Arkansas Association of School Administrators, the  
31 Arkansas Association of School Business Officials, the Arkansas Education  
32 Association, the education service cooperatives, and the Legislative Joint  
33 Auditing Committee.

34 (b) The To the extent necessary to comply with federal law, the terms  
35 and definitions contained in the Federal Handbook IIR2 the Arkansas Financial  
36 Accounting Handbook shall initially comply with the Financial Accounting for

1 Local and State School System, 2003 Edition (NCES 2004-318), and may  
 2 thereafter be revised by the Department of Education as necessary to remain  
 3 consistent and shall be used for school districts, local education agencies,  
 4 and education service cooperatives in Arkansas and shall be used to allow for  
 5 valid comparisons of expenditures among of schools, school districts, open-  
 6 enrollment charter schools, and education service cooperatives.

7 (c) In addition, ~~the state board shall adopt by rule "Arkansas~~  
 8 ~~Revisions" to the Federal Handbook IIR2. The rules shall be developed by the~~  
 9 ~~department in cooperation with representatives from the Arkansas Association~~  
 10 ~~of School Administrators, the Arkansas Association of School Business~~  
 11 ~~Officials, the Arkansas Education Association, the Legislative Joint Auditing~~  
 12 ~~Committee, and the education service cooperatives. Arkansas Revisions the~~  
 13 rules or the Arkansas Handbook the Arkansas Financial Accounting Handbook  
 14 shall include, but not be limited to:

15 (1) Categories to allow for the gathering of data on separate  
 16 functions and programs;

17 (2) Categories and descriptions of expenditures that each school  
 18 or school district shall report on its annual school performance report  
 19 authorized by the School Performance Report Act, § 6-15-1401 et seq. The  
 20 reported expenditures shall include, but not be limited to, the following  
 21 categories:

- 22 (A) Total expenditures;
- 23 (B) Instructional expenditures;
- 24 (C) Administrative expenditures;
- 25 (D) Extracurricular expenditures;
- 26 (E) Capital expenditures; and
- 27 (F) Debt service expenditures;

28 (3) Categories and descriptions of school and school district  
 29 expenditures that allow for the gathering of data on separate functions and  
 30 programs provided by law; and

31 (4) Categories and descriptions of expenditures that each  
 32 education service cooperative shall report on its annual report authorized by  
 33 law.

34 (d) ~~A handbook~~ The Arkansas Financial Accounting Handbook ~~for~~  
 35 ~~education service cooperatives shall be developed by the state board that~~  
 36 contains appropriate format and codes for expenditures for education service

1 cooperatives. ~~Rules shall be developed by the department.~~

2 (e) The department shall have the authority to analyze and inspect the  
3 financial records of any school, open-enrollment charter school, school  
4 district, or education service cooperative in order to verify that a school,  
5 school district, or education service cooperative is correctly and accurately  
6 reporting expenditures.

7 (f) By ~~November 1~~ February 15 of each year, the department shall  
8 submit a report to the state board, the Governor, the Senate Interim  
9 Committee on Education, and the House Interim Committee on Education  
10 concerning public school and public school district expenditures required by  
11 law.

12 ~~(g) All rules, regulations, and revisions adopted under this~~  
13 ~~subchapter shall be adopted and published prior to the start of any fiscal~~  
14 ~~year for which they are applicable and shall allow for an implementation~~  
15 ~~schedule consistent with the method outlined in § 6-20-2207.~~

16

17 6-20-2204. Required training.

18 (a)(1)(A) The Department of Education shall establish two (2) tiers of  
19 required training.

20 (B) Both tiers of required training shall apply to public  
21 school districts, open-enrollment charter schools, and educational service  
22 cooperatives.

23 (C)(i) At a minimum, two (2) persons per educational  
24 entity are required to have attended an Initial and Annual Tier I Training,  
25 who shall be:

26 (a) The district superintendent or the  
27 educational service cooperative director or the open-enrollment charter  
28 school director; and

29 (b) A person whose job responsibilities  
30 include preparing the budget of overall accounting responsibility ~~Any person~~  
31 ~~whose job responsibility includes preparing the budget or recording~~  
32 ~~expenditures of a school, school district, local education agency, or~~  
33 ~~education service cooperative.~~

34 (ii) The two (2) persons per educational entity  
35 required to attend the Initial and Annual Tier I Training shall each obtain  
36 twelve (12) hours of initial training and instruction necessary to

1 demonstrate basic proficiency as determined by the Department of Education  
 2 in, including, but not limited to:

- 3 ~~(A)~~(a) School laws of Arkansas;
- 4 ~~(B)~~(b) Laws and rules governing the  
 5 expenditure of public education funds, fiscal accountability, and school  
 6 finance;
- 7 ~~(C)~~(c) Ethics; and
- 8 ~~(D)~~(d) Financial accounting and reporting of  
 9 schools, school districts, local education agency open-enrollment charter  
 10 schools, and education service cooperative expenditures.

11 (2) Each year thereafter, the district superintendent, the  
 12 educational service cooperative director, or open-enrollment charter school  
 13 director, and the person whose job responsibilities include preparing the  
 14 budget of overall accounting responsibility who has already attended the  
 15 initial and Tier I training ~~any person whose job responsibility includes~~  
 16 ~~preparing the budget or recording expenditures of a school, school district,~~  
 17 ~~or education service cooperative~~ shall obtain by December 31 of each calendar  
 18 year four (4) additional hours of annual training and instruction as required  
 19 by the department in order to maintain basic proficiency in the topics  
 20 described in subdivision (a)(1) of this section.

21 (3)(A) The instruction may be ~~received from~~ provided by an  
 22 institution of higher education in this state, from instruction sponsored by  
 23 the department, by an in-service training program conducted by the Arkansas  
 24 Association of School Business Officials, or from another provider.

25 (B) To satisfy the training and requirements under this  
 26 subsection, any provider other than the department shall apply for and  
 27 receive pre-approval by the department as to the form and content of the  
 28 training and instruction before it is offered as training and instruction to  
 29 comply with the provisions of this subsection.

30 (4)(A) If a person fails to obtain the required Tier I training  
 31 by the end of the calendar year and fails to cure the deficiency by March 1  
 32 of the following calendar year without filing a request for extension of time  
 33 as determined from the records of the department, the department shall  
 34 immediately notify the superintendent of the employing school district, the  
 35 director of the open-enrollment charter school, or the director of the  
 36 education service cooperative by certified mail, return receipt requested,

1 with a copy to the board president.

2 (B)(i) The superintendent of the school district, director  
 3 of the open-enrollment charter school, or education service cooperative  
 4 director shall notify the person by certified mail, return receipt requested,  
 5 and the person shall be unable to continue in his or her position from the  
 6 date of receipt of notification by the superintendent of the school district,  
 7 the director of the open-enrollment charter school, or the education service  
 8 cooperative director.

9 (ii) Any person receiving notice that he or she  
 10 shall be unable to continue in his or her position solely because of his or  
 11 her failure to obtain the required training, may request a hearing before the  
 12 State Board of Education prior to his or her permanent dismissal.

13 (5) If the person fails to obtain all required training by  
 14 December 31, this failure shall constitute one (1) citation against the  
 15 school district or the open-enrollment charter school as measured by the  
 16 Standards for Accreditation of Arkansas Public Schools issued by the  
 17 department or an admonishment to the education service cooperative by the  
 18 department.

19 (6) If the person is unable to obtain the required training  
 20 because of military service or illness as verified by a written sworn  
 21 statement of the person’s attending physician, the department shall grant an  
 22 extension permitting the person additional time to obtain the required  
 23 training. The issuance of an extension shall not constitute a citation  
 24 against the school district as measured by the Standards for Accreditation of  
 25 Arkansas Public Schools issued by the department or the education service  
 26 cooperative and shall not operate to remove the person from his or her job.

27 (b) Tier II training shall include, but not be limited to, the  
 28 following:

29 (1) Employees who do not make decisions about selecting codes or  
 30 who have a limited number of codes they can use shall receive Tier II  
 31 training;

32 (2) Tier II training shall be developed by the Department of  
 33 Education in cooperation with representatives from the Arkansas Association  
 34 of School Administrators, the Arkansas Association of School Business  
 35 Officials, the Arkansas Education Association, the Legislative Joint Auditing  
 36 Committee, and educational service cooperatives;



1 (3) The training shall be annual and shall be four (4) hours;

2 (4) Districts shall be responsible for providing the training to  
3 these employees; and

4 (5) District trainers are required to attend Tier II training.

5 (c)(1) The district superintendent shall provide the Department of  
6 Education a list of all employees who received Tier II training and an  
7 assurance statement attested to by the superintendent of the school district,  
8 director of the open-enrollment charter school, or education service  
9 cooperative director identifying each person in the district required to  
10 obtain Tier II training and that such training has been completed by each  
11 employee.

12 (2) Any superintendent not filing a complete and accurate  
13 statement of assurance as required under subdivision (c)(2) of this section  
14 may be sanctioned in a manner as determined by the State Board of Education.

15 ~~(b)(d)~~(1) A school district, ~~local education agency~~ open-enrollment  
16 charter school, or education service cooperative board of directors is  
17 authorized to pay per diem and reimburse the expenses of a person required to  
18 obtain training under this section.

19 (2) The expenses must be incurred in attending in-service  
20 workshops, conferences, and other courses of training and instruction  
21 necessary for completing the hours of instruction required under this  
22 section.

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

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

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

33

34 6-20-2205. Penalties.

35 (a) Any school district or ~~local education agency~~ open-enrollment  
36 charter school that does not follow the provisions of this subchapter shall

1 be placed in fiscal distress as provided by law.

2 (b) Any education service cooperative that does not follow the  
 3 provisions of this subchapter shall be sanctioned by the State Board of  
 4 Education.

5  
 6 6-20-2206. Miscellaneous provisions.

7 (a) If the Department of Education determines that an overpayment has  
 8 been made to a school district, ~~local-education-agency~~ open-enrollment  
 9 charter school, or education service cooperative in any funding category  
 10 authorized by law, the department is authorized to withhold the overpayment  
 11 from future funding of the school district, ~~local-education-agency~~ open-  
 12 enrollment charter school, or education service cooperative and is authorized  
 13 to transfer the amount withheld for the overpayment to the line item  
 14 appropriation from which the overpayment was initially made.

15 (b) Each school district, ~~local-education-agency~~ open-enrollment  
 16 charter school, and education service cooperative shall prepare an annual  
 17 statement of the financial conditions and transactions of the school  
 18 district, ~~local-education-agency~~ open-enrollment charter school, or education  
 19 service cooperative as of June 30 of each year in accordance with generally  
 20 accepted accounting principles.

21 (c) In order for a school district, ~~local-education-agency~~ open-  
 22 enrollment charter school, or education service cooperative to be entitled to  
 23 state aid as provided by law, each school district, ~~local-education-agency~~  
 24 open-enrollment charter school, and education service cooperative shall  
 25 satisfy the following requirements:

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

28 (2) The school district, ~~local-education-agency~~ open-enrollment  
 29 charter school, and education service cooperative shall maintain such records  
 30 and make such reports relative to attendance, receipts, and disbursements and  
 31 other reports as required by the rules ~~and regulations~~ of the State Board of  
 32 Education;

33 (3) The school, school district, ~~local-education-agency~~ open-  
 34 enrollment charter school, and education service cooperative shall maintain  
 35 proper financial records in accordance with the ~~state's school accounting~~  
 36 ~~manual and regulations promulgated by the state board~~ Arkansas Educational

1 Accounting and Reporting System which includes the Arkansas Financial  
 2 Accounting Handbook, and any reports required pursuant to § 6-20-2202(e)(2);

3 (4) The school district, ~~local education agency~~ open-enrollment  
 4 charter school, and education service cooperative shall file annually with  
 5 the state board a salary schedule for its certified employees which  
 6 recognizes a minimum level of training and experience. This schedule shall  
 7 reflect the actual pay practices of the school district, ~~local education~~  
 8 ~~agency~~ open-enrollment charter school, or education service cooperative,  
 9 including all fringe benefits and supplemental salary schedules. Salary  
 10 increments for experience or education, or both, shall be identified on the  
 11 schedule; and

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

14 (B) Pupil attendance records shall be kept according to  
 15 law and regulations on paper or electronic forms either furnished or approved  
 16 by the department.

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

22 (d) School districts may not include the cost of substitute teachers,  
 23 extended contracts for extracurricular activities, or supplementary pay for  
 24 extracurricular activities in meeting the expenditures requirement for  
 25 student classroom teacher salaries.

26 (e) Any licensed classroom teacher or administrator of a school,  
 27 school district, ~~local education agency~~ open-enrollment charter school, or  
 28 education service cooperative that provides false expenditure information may  
 29 have his or her license placed on probation, suspended, or revoked pursuant  
 30 to rules promulgated by the state board.

31  
 32 6-20-2207. Rule-making authority.

33 (a)(1) ~~Before the 2004-2005 school year, the~~ The State Board of  
 34 Education shall promulgate rules governing a uniform budget and accounting  
 35 system that shall be known as the Arkansas Educational Financial Accounting  
 36 and Reporting System. This system shall include ~~and providing compliance~~

1 ~~with an established~~ a uniform chart of accounts known as the Arkansas  
 2 Financial Accounting Handbook that shall be exempt from the Arkansas  
 3 Administrative Procedures rule-making process pursuant to § 25-15-201 et seq.  
 4 ~~for budgeting of school, school district, and education service cooperative~~  
 5 ~~revenues and expenditures and financial reporting in order for school~~  
 6 ~~districts and education service cooperatives to comply with § 6-20-2202.~~

7 (2) These rules shall be applied to all school districts, ~~local~~  
 8 ~~education agencies~~ open-enrollment charter schools, and education service  
 9 cooperatives for purposes of reporting and accounting for revenues and  
 10 expenditures on a pilot basis for the 2004-2005 school year.

11 (3) As necessary to comply with federal law, the Arkansas  
 12 Financial Accounting Handbook shall comply with the Financial Accounting for  
 13 Local and State School Systems, 2003 Edition (NCS 2004-318). The Arkansas  
 14 Financial Accounting Handbook shall be exempt from the rules-making process  
 15 and procedures required pursuant to the Administrative Procedures Act, § 25-  
 16 15-201 et seq.

17 (b)(1) ~~Beginning with the 2005-2006 school year,~~ The State Board of  
 18 Education and the Department of Education shall amend the rules and the  
 19 Arkansas Financial Accounting Handbook provided in subsection (a) of this  
 20 section as necessary.

21 (2) However, prior to making an amendment to the Arkansas  
 22 Financial Accounting Handbook the department shall provide written notice via  
 23 electronic media to school districts, open-enrollment charter schools, and  
 24 educational cooperatives no less than seven (7) days prior to the change  
 25 unless:

26 (A) The Director of the Department of Education declares  
 27 that there is an emergency, at which time the change shall be effective  
 28 immediately; or

29 (B) The change affects only a few school districts and the  
 30 school districts have mutually agreed to make the change effective  
 31 immediately. ~~and before the beginning of a school year in order for school~~  
 32 ~~districts to comply with this subchapter.~~

33 (c) Any school district, ~~local education agency~~ open-enrollment  
 34 charter school, or education service cooperative that fails to comply with  
 35 state law or rules governing and providing a uniform chart of accounts for  
 36 budgeting of revenues, expenditures, and financial reporting shall be deemed

1 to be in fiscal distress and subject to the applicable enforcement provisions  
 2 as provided by law.

3 (d) Any school district, ~~local education agency~~ open-enrollment  
 4 charter school, or education service cooperative that fails to comply with  
 5 the expenditure requirements of any public school, public school district, or  
 6 education service cooperative funding law shall be deemed to be in fiscal  
 7 distress and subject to the applicable enforcement provisions as provided by  
 8 law.

9

10 6-20-2208. Monitoring of expenditures.

11 (a)(1) The General Assembly determines that, although funds may be  
 12 distributed to school districts under this subchapter, it is the duty and  
 13 responsibility of the State of Arkansas to monitor such expenditures to  
 14 ensure that each public school child in Arkansas is provided with an adequate  
 15 education.

16 (2) The General Assembly further finds that a uniform system of  
 17 accounting for and reporting expenditures is necessary to allow the state to  
 18 monitor expenditures.

19 (b) Each school district shall ensure that funds distributed by the  
 20 State of Arkansas to the district are utilized in an efficient manner in  
 21 order to provide an adequate education.

22 (c) Each school district shall:

23 (1) Expend sums for teacher salaries in order to meet the  
 24 requirements of Arkansas law;

25 (2)(A) Expend the sums allocated to the school district under §  
 26 6-20-2005(b) for salaries and other instructional aid components to benefit  
 27 students in the special needs categories within the school district unless  
 28 other expenditures are allowed by law or rule of the State Board of Education  
 29 or Department of Education.

30 (B) Further ensure that those sums are used to improve the  
 31 educational opportunity of those children with a primary emphasis on  
 32 improving each student's proficiency;

33 (3) Expend other sums as may be allocated under this subchapter  
 34 and as may be required by law in order to provide an equal opportunity for an  
 35 adequate education;

36 (4) Ensure that sums appropriated by law and allocated to the

1 school district are used to meet standards for accreditation and to provide  
2 the required curriculum for all students in the district;

3 (5) Ensure that sums allocated for facilities or other capital  
4 needs are spent in accordance with law; and

5 (6) Expend state and local revenues on gifted and talented  
6 programs:

7 (A) In an amount equal to fifteen hundredths (0.15) of the  
8 foundation funding amount multiplied by five percent (5%) of the school  
9 district's average daily membership for the previous year; and

10 (B) Only upon gifted and talented programs in accordance  
11 with rules promulgated by the state board.

12 (d)(1) During the appropriate Arkansas public school computer network  
13 reporting cycle each year, each school district shall submit appropriate data  
14 to the department establishing the school district's compliance with this  
15 section.

16 (2) The data shall be timely, accurate, and in the format  
17 required by rules promulgated by the state board.

18 (3) The data reported shall reflect the expenditure of each  
19 category of additional education categories.

20 (4) Reports for each school district shall be developed by the  
21 department and transmitted to the Governor, the Senate Interim Committee on  
22 Education, and the House Interim Committee on Education.

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