

State of Arkansas
85th General Assembly
Regular Session, 2005

A Bill

HOUSE BILL 2742

By: Representative Pace

For An Act To Be Entitled

AN ACT TO REVISE THE PUBLIC SCHOOL FUNDING ACT OF
2003; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO REVISE THE PUBLIC SCHOOL
FUNDING ACT OF 2003.

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

SECTION 1. Arkansas Code § 6-20-2303 is amended to read as follows:
6-20-2303. Definitions.

As used in this subchapter:

(1) "Additional education categories" means state funds distributed to school districts for alternative learning environments, English language learners, national school lunch students, professional development, and technology;

(2) "Alternative learning environment" means a student intervention program in compliance with §§ 6-18-508 and 6-18-509 that seeks to eliminate traditional barriers to learning for students;

(3)(A) "Average daily membership" means the total number of days of school attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three (3) quarters of each school year divided by the number of school days actually taught in the school district during that period of time rounded up to the nearest hundredth.

(B) In those instances in which the average daily membership for fewer than three (3) quarters is specified, the number of days



used in the calculation shall be the days in the specified period of time.

(C) As applied to this subchapter, students who may be counted for average daily membership are:

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

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

(iii) Students who are eligible to attend and reside within the boundaries of a school district and who are enrolled in the Arkansas National Guard Youth Challenge Program, so long as the students are participants in the program;

(4) "Classroom teacher" means:

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

(B) A guidance counselor; or

(C) A librarian;

(5) "Debt service funding" means the state financial aid provided to qualifying school districts for the purpose of reducing existing debt service burdens;

(6) "Economically challenged school district" means a school district that falls below the fiftieth percentile when all school districts are ranked from the highest to the lowest according to the formula established in § 6-20-2305(g);

~~(6)~~(7) "English language learners" means students identified by the State Board of Education as not proficient in the English language based upon approved English proficiency assessment instruments administered annually in the fall of the current school year, which assessments measure oral, reading, and writing proficiency;

~~(7)~~(8) "Foundation funding" means an amount of money specified by the General Assembly for each school year to be expended by school districts for the provision of an adequate education for each student;

1 ~~(8)~~(9) "General facility funding" means the state financial aid
2 provided to each school district from funds made available for that line item
3 purpose;

4 ~~(9)~~(10) "Gifted and talented programs" means academic curricula,
5 courses, and options designed to improve educational opportunities for gifted
6 and talented students pursuant to guidelines adopted by the State Board of
7 Education in accordance with § 6-42-106;

8 ~~(10)~~(11) "Gifted and talented students" means those students who
9 have been identified as meeting the criteria of the gifted program approval
10 standards established by the State Board of Education;

11 ~~(11)~~(12) "Legal revenues" means the revenues of a school
12 district, including current balances, unrestricted state and local funding
13 for the current school year, proceeds from a revolving loan pursuant to § 6-
14 20-801 et seq., proceeds from commercial bonds pursuant to § 6-20-1201 et
15 seq., and proceeds from funds received pursuant to § 6-20-402;

16 ~~(12)~~(13) "Mandatory callable bonds" means a bond issue in which
17 all net proceeds from debt service millage used to secure the issuance of
18 that bond must be applied to payment of the issue and cannot be used for any
19 other purposes;

20 ~~(13)~~(14) "Millage rate" means the millage rate listed in the
21 most recent tax ordinance approved by the county quorum court under the
22 authority of § 14-14-904;

23 ~~(14)~~(15) "Miscellaneous funds" means those average funds
24 collected in the previous five (5) school years or previous school year,
25 whichever is less, from funds received by a school district from federal
26 forest reserves, federal grazing rights, federal mineral rights, federal
27 impact aid, federal flood control, wildlife refuge funds, severance taxes,
28 funds received by the school district in lieu of taxes, and local sales and
29 use taxes dedicated to education pursuant to §§ 26-74-201 et seq., 26-74-301
30 et seq., 26-75-301 et seq., and 14-164-301 et seq.;

31 ~~(15)~~(16) "National school lunch students" means those students
32 from low socioeconomic backgrounds as indicated by eligibility for free or
33 reduced-price meals under the National School Lunch Act as calculated on
34 October 1 of each year and submitted to the Department of Education;

35 ~~(16)~~(17) "Previous year" means the school year immediately
36 preceding the school year in which funds are allocated;

~~(17)~~(18) (A) "Professional development" means a coordinated set of planned learning activities for teachers and administrators that are standards-based.

(B) Professional development shall result in individual, schoolwide, and systemwide improvement designed to ensure that all students demonstrate proficiency in the state academic standards;

~~(18)~~(19) "School district" means a geographic area with an elected board of directors that qualifies as a taxing unit for purposes of ad valorem property taxes under title 26 of the Arkansas Code and which board conducts the daily affairs of public schools pursuant to the supervisory authority vested in it by the General Assembly and title 6 of the Arkansas Code;

~~(19)~~(20) "Secondary vocational area center" means a public secondary vocational institution organized for the specific purpose of educating high school students in specific occupational or vocational areas and serving students from more than one (1) participating school district;

~~(20)~~(21) "Special education catastrophic occurrences" means individual cases where special education and related services required by the individualized education program of a particular student with disabilities are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education and related services provided by a school district and funding is pursuant to rules promulgated by the State Board of Education;

~~(21)~~(22) "State foundation funding aid" means the amount of state financial aid provided to each school district and computed as the difference between the foundation funding amount established by the General Assembly and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus seventy-five percent (75%) of miscellaneous funds of the school district;

~~(22)~~(23) (A) "Student growth funding" means the amount of state financial aid provided to each school district from the funds made available for that purpose.

(B) For school year 2004-2005, student growth funding is calculated as five thousand four hundred dollars (\$5,400) multiplied by the increase, if any, in the school district's two-quarter average of the average daily membership of the current school year over the local school district's

average daily membership for the previous school year, excluding any increase resulting solely from consolidation or annexation with another school district;

~~(23)~~(24) "Teachers of the gifted and talented" means individuals certified by the State Board of Education to teach identified gifted and talented students.

~~(24)~~(25) "Technology" means any equipment for instructional purposes that is electronic in nature, including, but not limited to, computer hardware, computer software, Internet connectivity, and distance learning; and

~~(25)~~(26) "Uniform rate of tax" means a uniform rate of ad valorem property tax of twenty-five (25) mills to be levied on the assessed value of all taxable real, personal, and utility property in the state to be used solely for the maintenance and operation of the schools as required by Arkansas Constitution, Amendment 74.

SECTION 2. Arkansas Code § 6-20-2305 is amended to read as follows:
6-20-2305. School funding.

(a)(1) For each school year, a school district shall receive state foundation funding aid computed as the difference between the foundation funding amount pursuant to subdivision (a)(2) of this section and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus seventy-five percent (75%) of miscellaneous funds of the school district.

(2) For the 2004-2005 school year, the foundation funding amount is equal to five thousand four hundred dollars (\$5,400) multiplied by the average daily membership of the previous school year.

(b)(1) In addition to state foundation funding aid, each school district shall receive funding for additional education categories as provided in subdivisions (b)(2)-(6) of this section.

(2)(A) For the 2004-2005 school year, alternative learning environmental funding and secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250) multiplied times:

(i) The number of identified alternative learning environment students enrolled during the 2003-2004 school year; and

(ii) The number of students enrolled in a secondary

1 vocational area center during the 2003-2004 school year;

2 (B) Funding for students in alternative learning
3 environments shall be distributed based on rules promulgated by the State
4 Board of Education.

5 (C) Funding for students in secondary vocational area
6 centers shall be distributed based on rules promulgated by the State Board of
7 Workforce Education and Career Opportunities.

8 (3)(A) For the 2004-2005 school year, the English-language
9 learners funding shall be one hundred ninety-five dollars (\$195) for each
10 identified English-language learner.

11 (B) Funding for English-language learner students shall be
12 distributed to school districts for students who have been identified as not
13 proficient in the English language based upon a state-approved English
14 proficiency assessment instrument.

15 (C) Funds allocated for English language learners to
16 school districts under this subchapter shall be expended only for eligible
17 activities as identified in current rules promulgated by the state board.

18 (4)(A) For the 2004-2005 school year, national school lunch
19 student funding for each identified national school lunch student shall be as
20 follows:

21 (i) For school districts in which ninety percent
22 (90%) or greater of the enrolled students are national school lunch students,
23 funding shall be one thousand four hundred forty dollars (\$1,440);

24 (ii) For school districts in which at least seventy
25 percent (70%) but less than ninety percent (90%) of the enrolled students are
26 national school lunch students, funding shall be nine hundred sixty dollars
27 (\$960); and

28 (iii) For school districts in which less than
29 seventy percent (70%) of the enrolled students are national school lunch
30 students, funding shall be four hundred eighty dollars (\$480).

31 (B) Funding for national school lunch students shall be
32 based on the number of students eligible for a free or reduced-price lunch
33 program under the National School Lunch Act identified on the Arkansas public
34 school computer network cycle two report.

35 (C)(i) The State Board of Education shall establish by
36 rule a list of approved programs and purposes for which funds allocated under

1 this subdivision (b)(4) may be expended. School districts shall expend funds
 2 allocated under this subdivision (b)(4) only on the approved programs or
 3 purposes, which include, but are not limited to:

- 4 (a) Classroom teachers;
- 5 (b) Before-school academic programs and after-
 6 school academic programs, including transportation to and from the programs;
- 7 (c) Prekindergarten programs coordinated by
 8 the Department of Human Services;
- 9 (d) Tutors, teachers' aides, counselors,
 10 social workers, nurses, and curriculum specialists;
- 11 (e) Parent education;
- 12 (f) Summer programs;
- 13 (g) Early intervention programs; and
- 14 (h) Materials, supplies, and equipment,
 15 including technology used in approved programs or for approved purposes.

16 (ii) However, notwithstanding any other provision of
 17 law, if the Department of Education determines that a school district's
 18 expenditure of funds allocated under this subdivision (b)(4) would result in
 19 the school district losing funding under any federal law, then the funds
 20 allocated to a school district under this subdivision (b)(4) may be expended
 21 for other academic programs or salaries.

22 (iii) The department may direct that a school
 23 district expend available funds on specified programs under subdivision
 24 (b)(4)(C)(i) of this section.

25 (D) By the end of each school year, each school district
 26 shall submit to the department a report listing each program upon which funds
 27 allocated under this subdivision (b)(4) were expended, the amount expended,
 28 and any other information required by the department. The department shall
 29 develop appropriate reporting forms for use by school districts.

30 (5)(A) Professional development funding for the 2004-2005 school
 31 year shall be equal to fifty dollars (\$50.00) multiplied by the school
 32 district's previous school year average daily membership.

33 (B) Funding for professional development for teachers in
 34 Arkansas public schools may be used for professional development training
 35 conferences, materials, and other professional development activities as
 36 outlined in rules promulgated by the state board.

1 (c)(1) General facilities funding, debt service funding, isolated
2 funding under § 6-20-601, student growth funding, and special education-
3 catastrophic occurrences funding shall be allocated and funded to school
4 districts in a line item appropriation within the Public School Fund pursuant
5 to law or rules promulgated by the State Board of Education.

6 (2) A school district shall only use general facilities funding
7 for:

8 (A) The purchase of school buses, furniture, equipment,
9 and computer software;

10 (B) The renovation or repairs of existing facilities; or

11 (C) The repayment of commercial bonds or revolving loans.

12 (d) The sum of subsections (a)-(c) of this section shall be the total
13 state aid allocated and funded to school districts pursuant to this section.

14 (e) Funds distributed to school districts under subsection (b) of this
15 section shall be expended on:

16 (1) The students within each category of special needs for which
17 the funds were allocated;

18 (2) Any students within any category of special needs under
19 subsection (b) of this section as permitted by rules issued by the State
20 Board of Education; or

21 (3) If the Department of Education determines that a school
22 district's expenditure of funds allocated under subsection (b) of this
23 section would result in the school district losing funding under any federal
24 law, then the funds allocated to a school district under subsection (b) of
25 this section may be expended for other academic programs or salaries as
26 permitted by the Department of Education.

27 (f) In order for a school district to be entitled to state funds under
28 the provisions of this subchapter, each school district shall satisfy the
29 following requirements:

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

32 (2) The school district shall maintain records and make reports
33 relative to attendance, receipts, and disbursements and other reports as
34 required by the department for the administration of this subchapter;

35 (3) The school district shall maintain proper financial records
36 in accordance with the state's school accounting manual and regulations

1 promulgated by the state board.

2 (4)(A) Each year the school district shall file with the state
3 board a salary schedule for its certified employees that recognizes a minimum
4 level of training and experience.

5 (B) The schedule shall reflect the actual pay practices of
6 the school district, including all fringe benefits.

7 (C) Salary increments for experience or education, or
8 both, shall be identified on the schedule;

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

11 (B) The records shall be kept according to law and
12 regulations on paper or electronic forms either furnished or approved by the
13 department.

14 (C) Original attendance records shall be kept on file in
15 the office of the superintendent of the school district after the school term
16 has ended for a period of three (3) years and shall be available for
17 monitoring purposes during any day of the school term for the teachers or
18 other persons designated to keep attendance.

19 (g)(1) In order to identify economically challenged school districts,
20 the department shall multiply the total real, personal, and utility property
21 tax collections in a school district for the most recent year for which
22 calculations are available by the average daily membership of the district
23 wealth.

24 (2) The department shall rank the computations made in
25 subdivision (g)(1) of this section with the first percentile containing the
26 one percent (1%) of students whose school district has the lowest computation
27 and the one-hundredth percentile containing the one percent (1%) of students
28 whose school district has the highest computation.

29 (3) Economically challenged school districts shall be eligible
30 for a foundation subsidy. The foundation subsidy shall be prorated based on
31 the percentile ranking of the computations with school districts with
32 students in the first percentile receiving an additional one hundred dollars
33 (\$100) per student and school districts with students in the fiftieth
34 percentile receiving an additional five dollars (\$5.00) per student.