

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
4

As Engrossed: H4/5/05

A Bill

HOUSE BILL 2767

5 By: Representative Mahony
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF
10 2003; AND FOR OTHER PURPOSES.

Subtitle

12 AN ACT TO AMEND THE PUBLIC SCHOOL
13 FUNDING ACT OF 2003.
14
15

16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
17

18 SECTION 1. Arkansas Code § 6-20-2303 is amended to read as follows:
19 6-20-2303. Definitions.

20 As used in this subchapter:

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

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

28 (B) The State Board of Education shall promulgate rules
29 that explicate not only which alternative learning environment programs shall
30 qualify for funding, but also the characteristics of students who qualify for
31 funding because they have been placed in an alternative learning environment
32 program;

33 (3)(A) "Average daily membership" means the total number of days
34 of school attended plus the total number of days absent by students in grades
35 kindergarten through twelve (K-12) during the first three (3) quarters of
36 each school year divided by the number of school days actually taught in the



1 school district during that period of time rounded up to the nearest
2 hundredth.

3 (B) In those instances in which the average daily
4 membership for fewer than three (3) quarters is specified, the number of days
5 used in the calculation shall be the days in the specified period of time.

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

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

13 (ii) Legally transferred students living outside the
14 school district but attending a public school in the school district under a
15 provision of the Arkansas Code; and

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

20 (D)(i) Except for those circumstances otherwise allowed by
21 law or rule, any student who is absent from daily attendance for more than
22 ten (10) consecutive school days shall be dropped from the attendance records
23 of the school, school district, or open-enrollment charter school.

24 (ii) Any student who fails to attend school by the
25 tenth regular school day of the semester shall be retroactively dropped from
26 the first day of the school semester.

27 (E)(i) Except as otherwise provided by law, a public
28 school district or open-enrollment charter school that teaches a distance
29 learning course to one (1) or more home school or private school students
30 shall be eligible for an amount equal to one-sixth (1/6) of the state
31 foundation funding amount per distance learning course for each private
32 school student or home school student who is:

33 (a) Residing within the school district where
34 the public school or open-enrollment charter school is located; and

35 (b) Physically attending the distance learning
36 course or courses on the campus of the public school district or open-

1 enrollment charter school.

2 (ii) However, under no circumstances shall a public
3 school district or open-enrollment charter school be entitled to more than
4 the equivalent of state foundation funding for one (1) average daily
5 membership regardless of the number of distance learning courses received by
6 a particular home school or private school student;

7 (4) "Classroom teacher" means:

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

12 (B) A guidance counselor; or

13 (C) A librarian;

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

17 ~~(6)~~(5) "English language learners" means students identified by
18 the State Board of Education as not proficient in the English language based
19 upon approved English proficiency assessment instruments administered
20 annually in the fall of the current school year, which assessments measure
21 oral, reading, and writing proficiency;

22 ~~(7)~~(6) "Foundation funding" means an amount of money specified
23 by the General Assembly for each school year to be expended by school
24 districts for the provisions of an adequate education for each student;

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

28 ~~(9)~~(7) "Gifted and talented programs" means academic curricula,
29 courses, and options designed to improve educational opportunities for gifted
30 and talented students pursuant to guidelines adopted by the State Board of
31 Education in accordance with § 6-42-106;

32 ~~(10)~~(8) "Gifted and talented students" means those students who
33 have been identified as meeting the criteria of the gifted program approval
34 standards established by the State Board of Education;

35 ~~(11)~~(9) "Legal revenues" means ~~the revenues of a school~~
36 ~~district, including current balances, unrestricted state and local funding~~

1 ~~for the current school year, proceeds from a revolving loan pursuant to § 6-~~
 2 ~~20-801 et seq., proceeds from commercial bonds pursuant to § 6-20-1201 et~~
 3 ~~seq., and proceeds from funds received pursuant to § 6-20-402; those revenues~~
 4 ~~received or cash balances carried forward by a school district and used to~~
 5 ~~make payments from:~~

6 (A) The teacher's salary fund, which means the set of
 7 accounts used to record the receipts and expenditures for payment of salaries
 8 for certified personnel, certified substitutes, tuition, and fringe benefits
 9 as defined by § 6-17-908. Certified personnel salaries from federal programs
 10 are excluded;

11 (B) The operating fund, which means the set of accounts
 12 used to record the receipts and expenditures for current operating expenses
 13 other than those that relate to the purposes set out for other funds; and

14 (C) The debt service fund, which means the set of accounts
 15 used to record local tax receipts and expenditures for the retirement of
 16 commercially bonded debt;

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

21 ~~(13)~~(10) "Millage rate" means the millage rate listed in the
 22 most recent tax ordinance approved by the county quorum court under the
 23 authority of § 14-14-904;

24 ~~(14)~~(11) "Miscellaneous funds" means those ~~average~~ funds
 25 collected either in the average of the previous five (5) school years or the
 26 previous school year, whichever is less, from funds received by a school
 27 district from federal forest reserves, federal grazing rights, federal
 28 mineral rights, federal impact aid, federal flood control, wildlife refuge
 29 funds, severance taxes, funds received by the school district in lieu of
 30 taxes, and local sales and use taxes dedicated to education pursuant to §§
 31 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et
 32 seq.;

33 ~~(15)~~(12)(A) "National school lunch students" means those
 34 students or the percentage of enrolled students from low socioeconomic
 35 backgrounds as indicated by eligibility for free or reduced-priced meals
 36 under the National School Lunch Act as ~~calculated~~ determined on October 1 of

1 each previous school year and submitted to the Department of Education,
 2 unless the school district is identified by the Department of Education as
 3 participating in the special assistance certification and reimbursement
 4 alternative implemented under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. §
 5 245.9.

6 (B) If the school district is participating under 42
 7 U.S.C. § 1759a, then for purposes of funding under § 6-20-2305(b), such a
 8 school district's annual percentage of national school lunch students shall
 9 be equal to the percentage submitted in the base year, which means the last
 10 school year for which eligibility determinations were made and meal counts
 11 were taken by type;

12 ~~(16)~~(13) "Previous year" or "previous school year" means the
 13 school year immediately preceding the school year or fiscal year in which
 14 funds are allocated;

15 ~~(17)~~(14)(A) "Professional development" means a coordinated set
 16 of planned learning activities for teachers and administrators that are
 17 standards-based.

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

21 ~~(18)~~(15) "School district" means a geographic area with an
 22 elected board of directors that qualifies as a taxing unit for purposes of ad
 23 valorem property taxes under title 26 of the Arkansas Code and which board
 24 conducts the daily affairs of public schools pursuant to the supervisory
 25 authority vested in it by the General Assembly and title 6 of the Arkansas
 26 Code;

27 ~~(19)~~(16) "Secondary vocational area center" means a public
 28 secondary vocational institution organized for the specific purpose of
 29 educating high school students in specific occupational or vocational areas
 30 and serving students from more than one (1) participating school district;

31 ~~(20)~~(17) "Special education catastrophic occurrences" means
 32 individual cases where special education and related services required by the
 33 individualized education program of a particular student with disabilities
 34 are unduly expensive, extraordinary, or beyond the routine and normal costs
 35 associated with special education and related services provided by a school
 36 district and funding is pursuant to rules promulgated by the State Board of

1 Education;

2 ~~(21)~~(18) "State foundation funding aid" means the amount of
3 state financial aid provided to each school district and computed as the
4 difference between the foundation funding amount established by the General
5 Assembly and the sum of ninety-eight percent (98%) of the uniform rate of tax
6 multiplied by the property assessment of the school district plus seventy-
7 five percent (75%) of the miscellaneous funds of the school district;

8 ~~(22)~~(19)(A) "Student growth funding" means the amount of state
9 financial aid provided to each school district from funds made available for
10 that purpose.

11 (B) For school year 2004-2005, and each year thereafter,
12 student growth funding is calculated as five thousand four hundred dollars
13 (\$5,400) multiplied by the increase, if any, in the school district's two-
14 quarter average of the average daily membership of the current school year
15 over the local school district's two-quarter average of the average daily
16 membership for the previous school year, excluding any increase resulting
17 solely from consolidation or annexation with another school district;

18 ~~(23)~~(20) "Teachers of the gifted and talented" means individuals
19 certified by the State Board of Education to teach identified gifted and
20 talented students;

21 ~~(24)~~(21) "Technology" means any equipment for instructional
22 purposes that is electronic in nature, including, but not limited to,
23 computer hardware, computer software, Internet connectivity, and distance
24 learning; and

25 ~~(25)~~(22) "Uniform rate of tax" means a uniform rate of ad
26 valorem property tax of twenty-five (25) mills to be levied on the assessed
27 value of all taxable real, personal, and utility and regulated carrier
28 property in the state to be used solely for the maintenance and operation of
29 the public schools as required by Arkansas Constitution, ~~Amendment 74~~ Article
30 14, Section 3 (as amended by Amendments 11, 40, and 74).

31

32 SECTION 2. Arkansas Code § 6-20-2305 is amended to read as follows:
33 6-20-2305. School funding.

34 (a)(1) For each school year, a school district shall receive state
35 foundation funding aid computed as the difference between the foundation
36 funding amount pursuant to subdivision (a)(2) of this section and the sum of

1 ninety-eight percent (98%) of the uniform rate of tax multiplied by the
2 property assessment of the school district plus seventy-five percent (75%) of
3 miscellaneous funds of the school district.

4 (2)(A) For the ~~2004-2005~~ 2005-2006 school year, the foundation
5 funding amount is equal to five thousand four hundred dollars (\$5,400)
6 multiplied by the average daily membership of the previous school year.

7 (B) For the 2006-2007 school year, the foundation funding
8 amount is equal to five thousand four hundred ninety seven dollars (\$5,497)
9 multiplied by the average daily membership of the previous school year.

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

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

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

19 (ii) The number of students enrolled in a secondary
20 vocational area center during the ~~2003-2004~~ previous school year.

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

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

27 (3)(A) For the 2004-2005 school year and each school year
28 thereafter, the English-language learners funding shall be one hundred
29 ninety-five dollars (\$195) for each identified English-language learner.

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

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

1 (4)(A) For the 2004-2005 school year and each school year
 2 thereafter, national school lunch student funding for each identified
 3 national school lunch student shall be as follows:

4 (i) For school districts in which ninety percent
 5 (90%) or greater of the previous school year's enrolled students are national
 6 school lunch students, funding shall be one thousand four hundred forty
 7 dollars (\$1,440);

8 (ii) For school districts in which at least seventy
 9 percent (70%) but less than ninety percent (90%) of the previous school
 10 year's enrolled students are national school lunch students, funding shall be
 11 nine hundred sixty dollars (\$960); and

12 (iii) For school districts in which less than
 13 seventy percent (70%) of the previous school year's enrolled students are
 14 national school lunch students, funding shall be four hundred eighty dollars
 15 (\$480).

16 (B) Funding under this subdivision (b)(4) for national
 17 school lunch students shall be based ~~on the number of students eligible for a~~
 18 ~~free or reduced price lunch program under the National School Lunch Act~~
 19 ~~identified on the Arkansas public school computer network cycle two report on~~
 20 the percentage determined under § 6-20-2303(12)(A) multiplied by the number
 21 of the previous school year's enrolled students.

22 (C)(i) The State Board of Education shall establish by
 23 rule a list of approved programs and purposes for which funds allocated under
 24 this subdivision (b)(4) may be expended. School districts shall expend funds
 25 allocated under this subdivision (b)(4) only on the approved programs or
 26 purposes, which include, but are not limited to:

27 (a) Classroom teachers, provided that the
 28 school district meets the minimum salary schedule in § 6-17-2403 without
 29 using funds provided under subdivision (b)(4) of this section and those
 30 teachers are used for the purposes delineated in subdivision (b)(4) of this
 31 section;

32 (b) Before-school academic programs and after-
 33 school academic programs, including transportation to and from the programs;

34 (c) Prekindergarten programs coordinated by
 35 the Department of Human Services;

36 (d) Tutors, teachers' aides, counselors,

1 social workers, nurses, and curriculum specialists;

2 (e) Parent education;

3 (f) Summer programs;

4 (g) Early intervention programs; and

5 (h) Materials, supplies, and equipment,

6 including technology used in approved programs or for approved purposes.

7 (ii) However, notwithstanding any other provision of
8 law, if the Department of Education determines that a school district's
9 expenditure of funds allocated under this subdivision (b)(4) would result in
10 the school district losing funding under any federal law, then the funds
11 allocated to a school district under this subdivision (b)(4) may be expended
12 for other academic programs or salaries.

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

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

21 (5)(A) Professional development funding for the 2004-2005 school
22 year and each school year thereafter shall be equal to an amount of up to
23 fifty dollars (\$50.00) multiplied by the school district's previous school
24 year average daily membership.

25 (B) Funding for professional development for teachers in
26 Arkansas public schools ~~may~~ shall be used for professional development
27 training conferences, materials, and other professional development
28 activities as outlined in rules promulgated by the state board.

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

34 ~~(2) A school district shall only use general facilities funding~~
35 ~~for:~~

36 ~~(A) The purchase of school buses, furniture, equipment,~~

1 ~~and computer software;~~

2 ~~(B) The renovation or repairs of existing facilities; or~~

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

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

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

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

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

13 (3) If the Department of Education determines that a school
14 district's expenditure of funds allocated under subsection (b) of this
15 section would result in the school district losing funding under any federal
16 law, then the funds allocated to a school district under subsection (b) of
17 this section may be expended for other academic programs or salaries as
18 permitted by the Department of Education.

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

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

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

27 (3) The school district shall maintain proper financial records
28 in accordance with the state's school accounting manual and regulations
29 promulgated by the state board;

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

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

35 (C) Salary increments for experience or education, or
36 both, shall be identified on the schedule; and

