

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: S3/7/05 S3/29/05

A Bill

SENATE BILL 338

5 By: Senator Broadway
6
7

For An Act To Be Entitled

9 AN ACT TO UPDATE VARIOUS PROVISIONS OF THE
10 ARKANSAS CODE RELATED TO PUBLIC SCHOOL FINANCE;
11 AND FOR OTHER PURPOSES.
12

Subtitle

13 AN ACT TO UPDATE VARIOUS PROVISIONS OF
14 THE ARKANSAS CODE RELATED TO PUBLIC
15 SCHOOL FINANCE.
16
17
18

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

21 SECTION 1. Arkansas Code § 6-10-108(d), concerning state funding for
22 school districts, is amended to read as follows:

23 (d) The State Board of Education is authorized to establish
24 appropriate standards, guidelines, rules, and regulations for the
25 determination of average daily membership of school districts and for the
26 distribution of ~~state equalization aid~~ state foundation funding and other
27 forms of state aid and financial assistance to each local school district
28 that elects to operate the public schools of the district on a twelve-month
29 basis, in order to provide the district with an equitable share of the ~~aid~~
30 state foundation funds designated to equate a twelve-month school operation
31 by the district to the educational opportunities provided by a district
32 offering nine (9) months of public school instruction. Provided, however, the
33 school district shall not receive any more state ~~financial aid~~ foundation
34 funding for offering twelve (12) months of public school instruction than it
35 would have received for offering nine (9) months of public school
36 instruction.



1
2 SECTION 2. Arkansas Code § 6-11-129 is amended to read as follows:
3 6-11-129. Data to be accessible on Department of Education website.

4 ~~(a) Before January 1, 2004, the~~ The Department of Education shall make
5 the following information and data available and easily accessible on the
6 Department of Education's website by including a direct link to the websites
7 of all Arkansas school districts on it's the department's website:

8 (1) Current comprehensive financial data reports for school
9 districts, including:

10 (A) Local and state revenue sources;

11 (B) Administrator and teacher salary and benefit data;

12 (C) District balances, including legal balances and
13 building fund balances;

14 (D) Any additional financial data;

15 (E) Administrative salary and benefit expenditures; and

16 (F) Teacher salary expenditures;

17 (2) Each school district's personnel policies required under §
18 6-17-201 et seq.;

19 (3)(A) Links to the local district's website containing
20 information from the school district's contracts with school district
21 employees and district salary schedules.

22 (B) Each school district or the district's educational
23 cooperative, if the cooperative maintains the district's website, shall
24 publish on the district's website:

25 (i) The school district's contracts with all school
26 district employees, except that no social security numbers shall be
27 published; and

28 (ii) The district salary schedules, including the
29 salary schedules for regular certified employees, supplemental and extended
30 contract schedules, and classified employee schedules;

31 (4) The annual budget of each school district; and

32 (5) ~~Beginning January 1, 2005, information~~ Information and data
33 required to be made available and easily accessible on the department's
34 website under subdivisions (1)(A)-(C), (E), and (F) and subdivisions (2) and
35 (3) of this section shall be the actual data for the two (2) previous school
36 years and the projected budgeted information for the current school year.

1 (b) By December 31 of each year, the Department of Education shall
 2 provide a written report to the House and Senate Joint Interim Committee on
 3 Education listing those school districts that are not in compliance with this
 4 section.

5
 6 SECTION 3. Arkansas Code § 6-17-201 is amended to read as follows:

7 6-17-201. Requirement.

8 (a) Each school district in the state shall have a set of written
 9 personnel policies, including the teacher salary schedule.

10 (b) "Personnel policies" means all school district policies,
 11 guidelines, regulations, and procedures that pertain to the terms and
 12 conditions of a teacher's employment.

13 (c) The personnel policies shall include, but are not limited to, the
 14 following terms and conditions of employment:

- 15 (1) Benefits;
- 16 (2) Compensation;
- 17 (3) Designation of workdays;
- 18 (4) Holidays and noninstructional days;
- 19 (5) The annual calendar;
- 20 (6) Methods of evaluations;
- 21 (7) Extra duties;
- 22 (8) Leave;
- 23 (9) Grievances;
- 24 (10) Dismissal or nonrenewal;
- 25 (11) Reduction in force; and
- 26 (12) Assignment of teacher aides.

27 (d)(1)(A) No school district shall receive in any year any ~~funds~~
 28 additional state foundation funding from the Public School Fund until the
 29 district has filed electronically by the established deadline its current
 30 personnel policies in a format specified by the Department of Education,
 31 including ~~any the salary schedules~~ schedule as required by this subchapter,
 32 ~~signed by the president of the board.~~

33 (B) A written copy of the policies signed by the president
 34 of the local school board of directors shall be retained by the school
 35 district in a central records location.

- 36 (2) The policy and ~~schedules~~ schedule shall be filed

1 electronically with the Department of Education no later than September 15 of
2 each year.

3 (e) The department shall notify any district that has not filed its
4 policies in accordance with this section.

5

6 SECTION 4. Arkansas Code § 6-17-914 is repealed:

7 ~~6-17-914. District budget.~~

8 ~~(a)(1) Each school district of the state shall prepare annually a~~
9 ~~budget of expenditures and receipts that shall be filed with the Department~~
10 ~~of Education.~~

11 ~~(2) Each budget, approved by the board of directors of the~~
12 ~~district in a legally held meeting and signed by the president of the board~~
13 ~~and the ex officio financial secretary of the district, shall contain the~~
14 ~~information and be prepared in the electronic format as prescribed by the~~
15 ~~State Board of Education.~~

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

18 ~~(b)(1)(A) Warrants or checks of the district issued after the date~~
19 ~~required by subsection (a) of this section shall be invalid unless a budget~~
20 ~~has been filed as required by this subchapter.~~

21 ~~(B) The ex officio financial secretary of the district and~~
22 ~~his surety shall be liable for any warrants or checks he countersigns after~~
23 ~~that date if a budget has not been filed.~~

24 ~~(2) All grants and aids from the state for which the district~~
25 ~~may be eligible shall be suspended until the requirements of this subchapter~~
26 ~~are met.~~

27 ~~(c)(1) Budgets of the school districts of the state filed as required~~
28 ~~by this section shall be reviewed by the department to determine if the~~
29 ~~requirements of the statutes and the regulations of the state board regarding~~
30 ~~the earmarking or use of school funds are being met.~~

31 ~~(2) Upon approval, copies of the approved budget shall be filed~~
32 ~~with the school district, the county treasurer if serving as school~~
33 ~~treasurer, and the department.~~

34 ~~(d)(1) The ex officio financial secretary of each school district~~
35 ~~shall keep a record of the expenditures and receipts of the district in the~~
36 ~~manner and on the forms as may be specified by the board or the School Audit~~

1 ~~Section of the Division of Legislative Audit.~~

2 ~~(2) When the department or the School Audit Section determines~~
3 ~~that the financial records of any school district are not being properly kept~~
4 ~~or that the financial affairs of the district are not being administered in~~
5 ~~accordance with state law or board regulations, grants and aids from the~~
6 ~~state to which the district may be entitled shall be withheld until it can be~~
7 ~~determined that the fiscal records of the district are in order or that the~~
8 ~~financial affairs are being properly administered.~~

9 ~~(e)(1) The department may withhold state aid from any school district~~
10 ~~that fails to file its budget or any other required report with the~~
11 ~~department by the deadline established by statute or by regulation~~
12 ~~promulgated by the board so long as the department has met all deadlines for~~
13 ~~providing information to school districts.~~

14 ~~(2) The department shall submit a list of all required reports,~~
15 ~~with due dates, to each school district on or before July 1 of each year.~~

16 ~~(f) The board shall promulgate the necessary regulations to fully~~
17 ~~implement the provisions of this section.~~

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

23
24 SECTION 5. Arkansas Code § 6-17-2404 is repealed.

25 ~~6-17-2404. Knowledge-based and skills-based pay.~~

26 ~~(a) The Department of Education shall prepare a study on a knowledge-~~
27 ~~based and skills-based teacher pay system and shall submit the study and~~
28 ~~recommendations to the Governor, the House Committee on Education, and the~~
29 ~~Senate Committee on Education not later than January 1, 2005.~~

30 ~~(b) The study shall include, but not be limited to, a salary~~
31 ~~schedule, transition provisions, proposed amendments to existing law, and~~
32 ~~other provisions necessary to implement the system.~~

33
34 SECTION 6. Arkansas Code § 6-18-202(e)(1), concerning compulsory
35 school attendance, is amended to read as follows:

36 (e)(1) Any school district which admits for ten (10) school days or

1 more a student the school district knows or should have known is a resident
2 of another school district not included in a tuition agreement or is not
3 officially transferred to it shall be liable to the resident district of the
4 student for an amount of money equal to the amount of state equalization
5 foundation funding per student ~~the complainant district would have received~~
6 ~~or seven hundred fifty dollars (\$750) per year, whichever is greater.~~

7
8 SECTION 7. Arkansas Code § 6-18-204(b)(4), concerning attendance in
9 another school district, is amended to read as follows:

10 (4) The resident district of a student taking advantage of the
11 provisions of this section shall pay tuition to the district that student
12 attends in an amount not less than a proportion of the home district's state
13 ~~equalization~~ foundation funding per student equal to a ratio that the number
14 of classes taken by a student outside his or her home district bears to the
15 number of total classes taken by the student.

16
17 SECTION 8. Arkansas Code § 6-18-213 is amended to read as follows:

18 6-18-213. Attendance records and reports generally.

19 (a)(1) A record of pupil attendance shall be kept by each school
20 district of the state in a format prescribed by the Department of Education.

21 (2) This basic record, showing the daily attendance and absence
22 of each student for the school year, shall be kept by a teacher or other
23 officially designated person who visually notes the physical presence or
24 absence of each student on a daily basis.

25 (3) The attendance for resident and nonresident students shall
26 be kept separately.

27 (4) The basic attendance records of each district shall be kept
28 on file in electronic form by the district for a period of three (3) years
29 and shall be audited as ~~provided by a policy approved~~ required by the State
30 Board of Education.

31 (b)(1) The official reporting period for attendance shall be quarterly
32 with the actual number of days counted in each period to be no fewer than
33 forty (40) nor more than fifty (50).

34 (2) A waiver of this subsection may be granted by the department
35 upon petition by a school district.

36 (c) This attendance record in each of the school districts of the

1 state as reflected by the combined reports for the first three (3) quarters
2 of the school year shall be the official data used in computing certain types
3 of state aid for the following year.

4 (d)(1) Any district that fails to file by April 15 of any given year
5 reports for the first three (3) quarters of that year, as required by
6 subsection (c) of this section, shall have the remainder of its state
7 ~~equalization aid~~ foundation funding withheld, ~~beginning with the April~~
8 ~~allotment~~, and placed in escrow to be released when the reports are received.

9 (2) A waiver of this subsection may be granted by the department
10 upon petition by a school district.

11 (e) The Department of Education may analyze and inspect the attendance
12 records of any school, school district, or open-enrollment charter school to
13 verify that a school, school district, or open-enrollment charter school is
14 correctly and accurately reporting attendance.

15 (f)(1) Except for those circumstances otherwise allowed by rule, any
16 student that is absent from daily attendance for more than ten (10)
17 consecutive school days shall be dismissed or dropped from the attendance
18 records of the school, school district, or open-enrollment charter school.

19 (2) Any student that fails to attend school by the tenth (10th)
20 regular school day of the semester shall be retroactively dropped from the
21 attendance records from the first day of the school semester.

22 ~~(e)~~(g) The state board shall promulgate rules, regulations, and procedures
23 as may be required to implement the intent of this section.

24
25 SECTION 9. Arkansas Code § 6-18-508 is amended to read as follows:

26 6-18-508. Alternative learning environment.

27 (a) Every school district shall establish an alternative learning
28 environment which shall afford students an environment conducive to learning.

29 (b) The alternative learning environment required by this section may
30 be established by more than one (1) school district or may be operated by a
31 public school educational cooperative established under § 6-13-901 et seq.

32 (c) The Department of Education shall establish criteria for teacher
33 preparation for alternative learning environments, which shall include
34 inservice training.

35 (d)(1)(A) Each school district shall report to the department, on a
36 yearly basis, the race, gender, and other pertinent information regarding

1 ~~students placed in an~~ alternative learning environment attendees.

2 (B) This information shall be reported by the department
3 to the Joint Interim Oversight Subcommittee on Educational Reform by
4 September 15 of each year.

5 (2) The Arkansas Pygmalion Commission on Nontraditional
6 Education will also report its findings by the same time each year to the
7 same legislative body.

8 ~~(e) All funding for alternative education programs distributed outside~~
9 ~~the funding formula and which meets the guidelines developed by the~~
10 ~~department shall be released at the beginning of the school year or~~
11 ~~distributed proportionally along with the state aid to school districts.~~

12 ~~(f) For the 1999-2000 school year and each year thereafter, the~~
13 ~~department will develop an incentive program for those school districts whose~~
14 ~~alternative education programs have met the guidelines.~~

15
16 SECTION 10. Arkansas Code § 6-18-509(h), concerning assessment and
17 intervention in alternative learning environments, is repealed:

18 ~~(h) Students who have received intervention services in an alternative~~
19 ~~learning environment and who obtain a general education diploma shall not be~~
20 ~~identified as dropouts in the statistics for annual school district report~~
21 ~~cards.~~

22
23 SECTION 11. Arkansas Code § 6-20-206 is amended to read as follows:

24 6-20-206. Public School Fund – Priority of ~~state equalization aid~~
25 funding.

26 The State Board of Education, in determining the allocation of
27 available funds to the various programs in the Public School Fund, shall
28 consider ~~the needs of the state equalization aid~~ those line items necessary
29 to provide an equitable and adequate education to be of highest priority
30 above all other programs and commitments.

31
32 SECTION 12. Arkansas Code § 6-20-402(e)(1) and (2), concerning school
33 district's debt, is amended to read as follows:

34 (e)(1)(A)(i) Except as provided in subdivision (e)(1)(B) of this
35 section, As as additional security for the payment of any postdated warrant,
36 installment contract, lease-purchase agreement, or current indebtedness of a

1 school district authorized under subdivision (a)(2) of this section, the
2 district may authorize the state board to cure any delinquencies ~~in payment~~
3 of the school district by withholding state ~~aid~~ foundation funding due the
4 district.

5 (ii) Authorization shall be given by the school
6 district at the time the postdated warrant, installment contract, or lease-
7 purchase agreement is issued or the current indebtedness authorized under
8 subdivision (a)(2) of this section is incurred and shall be given in the
9 manner and in the form that the state board shall prescribe.

10 (B) A school district may not authorize the state board to
11 cure and the state board shall not cure any delinquencies of the district in
12 contracts or extended warranties on equipment by withholding state foundation
13 funding due the district.

14 ~~(2)(A) If the debtor district has authorized withholding of~~
15 ~~state aid, then whenever the payee or the designated paying agent for receipt~~
16 ~~of the district's payments does not receive a payment when due pursuant to~~
17 ~~the authorizing documents, the payee or paying agent will be entitled to~~
18 ~~payment from the withheld state aid in an amount sufficient to cure the~~
19 ~~payment deficiency upon notifying the Director of the Department of Education~~
20 ~~and the superintendent of the district by telephone, facsimile, or other~~
21 ~~similar communication followed by written verification~~ If a school district
22 has authorized withholding of its state foundation funding under subdivision
23 (e)(1)(A) of this section and the school district has failed to pay the payee
24 or paying agent amounts due under a postdated warrant, installment contract,
25 or lease-purchase agreement described in subdivision (a)(2) of this section,
26 then the payee or paying agent shall be entitled to payment from the school
27 district's withheld state foundation funding if the payee or paying agent:

28 (i) Obtains a final judgment establishing the
29 payee's or paying agent's right to payment from the school district under a
30 postdated warrant, installment contract, or lease-purchase agreement
31 described in subdivision (a)(2) of this section; and

32 (ii) Submits a written request for payment of the
33 amount of the unpaid judgment and a certified copy of the final judgment to
34 the Director of the Department of Education and the superintendent of the
35 school district.

36 (B)(i) Except as provided in subdivision (e)(1)(B) of this

1 section, ~~Unless unless~~ the superintendent of the school district certifies in
 2 writing to the director ~~determines~~ that payment has been made by the district
 3 and there is no longer a payment deficiency to the payee or the paying agent
 4 and the judgment has been paid in full, the director shall withhold from the
 5 next distribution to the school district of state ~~aid~~ foundation funding and
 6 remit to the payee or paying agent an amount sufficient to ~~cure the~~
 7 deficiency pay the judgment amount.

8 (ii) If the amount withheld under subdivision
 9 (e)(1)(B)(i) is insufficient to pay the judgment in full, the director shall
 10 continue withholding subsequent distributions of state foundation funding to
 11 the school district until the superintendent certifies to the director that
 12 the judgment is paid in full.

13
 14 SECTION 13. Arkansas Code § 6-20-804(b), concerning the application
 15 for loans from the Revolving Loan Fund, is amended to read as follows:

16 (b) Each application shall be executed in ~~triplicate~~ duplicate, the
 17 original ~~and one (1) copy thereof~~ to be filed with the board and one (1) copy
 18 to be retained in the files of the district.

19
 20 SECTION 14. Arkansas Code § 6-20-1205(c) and (d), concerning the
 21 issuance of bonds by the Department of Education, are amended to read as
 22 follows:

23 ~~(e) The department shall not provide a local school district that~~
 24 ~~issues second lien bonds more additional base funding for which it would~~
 25 ~~otherwise qualify excluding the issuance of the second lien bonds except as~~
 26 ~~authorized under § 6-20-1229.~~

27 ~~(d)(c)~~ The department is authorized to adopt procedural rules and
 28 regulations to enforce the provisions of this section.

29
 30 SECTION 15. Arkansas Code § 6-20-1229(c) and (d), pertaining to
 31 nonconcurring reissuance of bonds, are repealed:

32 ~~(e) A school district, whether or not it is receiving additional base~~
 33 ~~funding, may issue a second lien bond if the issuance of the second lien bond~~
 34 ~~will not cause the school district to receive more additional base funding~~
 35 ~~than it would have received before the issuance of the second lien bond.~~

36 ~~(d)(1)(A) No school district that is receiving additional base funding~~

1 ~~or is likely to receive additional base funding shall be authorized to issue~~
2 ~~second lien bonds except as allowed under subdivisions(d)(2) and (3) of this~~
3 ~~section.~~

4 ~~(B) For purposes of this section, "likely to receive~~
5 ~~additional base funding" means a school district whose total state and local~~
6 ~~revenue per average daily membership will be within ten dollars (\$10.00) of~~
7 ~~the minimum state and local revenue per average daily membership if the~~
8 ~~second lien bond is issued by the school district.~~

9 ~~(2) A school district that receives additional base funding or~~
10 ~~is likely to receive additional base funding may issue second lien bonds to~~
11 ~~fund repairs or reconstruction of school facilities damaged or destroyed by~~
12 ~~natural disasters or criminal activities.~~

13 ~~(3) The allowance to issue second lien bonds contained in~~
14 ~~subdivision (d)(2) of this section shall not occur if the issuance of the~~
15 ~~second lien bond would cause the state to be out of compliance with any test~~
16 ~~concerning the equity of school finance in Arkansas adopted by a court of~~
17 ~~competent jurisdiction.~~

18 ~~(4) School districts that issued second lien bonds prior to~~
19 ~~April 30, 2001, shall be allowed to receive additional base funding that they~~
20 ~~are entitled to receive after the issuance of second lien bonds. Subsections~~
21 ~~(a) (c) of this section shall not apply to any second lien bond issued on or~~
22 ~~before April 30, 2001.~~

23
24 SECTION 16. Arkansas Code 6-20-1218 is amended to read as follows:

25 6-20-1218. Refunding bonds - Maximum amounts - Conversion and sale.

26 ~~(a) Any school district in Arkansas issuing refunding bonds for the~~
27 ~~purpose of refunding all or any part of its outstanding bonded indebtedness~~
28 ~~shall not issue refunding bonds in a principal amount greater than the~~
29 ~~principal amount of the bonds to be refunded nor bearing a greater rate of~~
30 ~~interest than the bonds to be refunded bear, but the refunding bonds may be~~
31 ~~issued with the privilege of conversion into bonds bearing a lower rate of~~
32 ~~interest, provided that by the conversion the district shall receive no less~~
33 ~~and shall pay no more in principal and interest combined than it would~~
34 ~~receive and pay in principal and interest combined if the bonds were not~~
35 ~~converted.~~

36 ~~(b) No conversion shall be made as provided in this subchapter until~~

1 ~~the terms of the conversion have been approved by the Director of the~~
2 ~~Department of Education.~~

3 ~~(e)(a)~~ When the refunding bonds are issued to be exchanged for
4 outstanding bonds, it shall not be necessary to advertise them for sale, but
5 they may be executed and delivered to the Department of Education, and the
6 director shall, from time to time, as outstanding bonds are presented to him
7 for exchange, certify and deliver refunding bonds in face value of the same
8 proportion of the total face value of the refunding bond issue that the face
9 value of the surrendered bonds bears to the total face value of the
10 outstanding bonds to be refunded.

11 ~~(d)(b)~~ Refunding bonds may be exchanged for outstanding bonds, as
12 herein provided, or they may be sold for cash and the proceeds used to pay
13 the outstanding bonds, or part of the refunding bonds may be exchanged and
14 part of the refunding bonds may be sold, as the board of directors may deem
15 best for the district. In the event that after a district has exchanged part
16 of a refunding issue that has been converted to a lower interest rate as
17 herein authorized and it becomes necessary or desirable to sell the balance
18 of such refunding issue to pay the bonds being refunded instead of exchanging
19 them for refunding bonds, the district may then advertise and sell such
20 balance at the rate of interest to which the issue has been converted.

21 ~~(e)(c)~~ If the refunding bonds are sold at public sale to refund
22 outstanding bonds that have been called for redemption, they shall be fully
23 executed and delivered to the designated escrow agent who shall have
24 authority to surrender them, on and after the redemption date of the bonds
25 being refunded, to the purchaser upon the deposit with the escrow agent, on
26 or before the redemption date, of the money necessary for the redemption of
27 the bonds being refunded.

28 ~~(f)(1)(d)(1)~~ In order to facilitate the refunding of school bonds, any
29 school district issuing refunding bonds may issue certificates of
30 indebtedness maturing in one (1) to five (5) years, payable to bearer and
31 negotiable, to cover the costs of refunding or interest due on outstanding
32 bonds at the time they are exchanged for refunding bonds, or both.

33 (2) The certificates of indebtedness shall be paid out of the
34 building fund of the district from any surplus that remains in the building
35 fund in any years after the payment of the full amount of bonds and interest
36 due that year on the refunding issue.

1 (3) Any certificates of indebtedness issued in connection with
2 an issue of refunding bonds shall be registered by the county treasurer.

3 (4) All certificates of indebtedness thus issued and registered
4 shall not be invalidated because at the time of their issuance or at their
5 maturity date there is not a surplus in the building fund available for their
6 payment, but they shall continue as valid obligations of the district until
7 such surplus in the building fund has accumulated for their payment.

8
9 SECTION 17. Arkansas Code § 6-20-1221 is repealed.

10 ~~6-20-1221. Refunding bonds—Certification of surrender.~~

11 ~~When any school district of Arkansas has refunded its outstanding~~
12 ~~bonded indebtedness and when all the outstanding bonds of any one (1) issue~~
13 ~~have been surrendered to the trustee for exchange for refunding bonds, the~~
14 ~~trustee of the refunding issue may certify on the record of the deed of trust~~
15 ~~securing the original bonds the fact that all such bonds have been~~
16 ~~surrendered in exchange for refunding bonds.~~

17
18 SECTION 18. Arkansas Code § 6-47-404(c)(1)(B), concerning the
19 establishment and implementation of the Arkansas Distance Learning
20 Development Project, is amended to read as follows:

21 (B) The project shall receive from the Public School Fund
22 an amount equal to one-sixth (1/6) of the previous year's ~~base local revenue~~
23 ~~aid~~ state foundation funding per student ~~for each student~~ enrolled in a
24 course at the secondary level or for each subject at the elementary level.

25
26 SECTION 19. Arkansas Code § 10-3-1001 is repealed.

27 ~~10-3-1001. Federal aid for state equalization plan.~~

28 ~~The House of Representatives Interim Committee on Education and Senate~~
29 ~~Interim Committee on Education are designated as eligible applicants in the~~
30 ~~State of Arkansas for federal assistance for the development or~~
31 ~~administration of a state equalization plan, as authorized under Section 842~~
32 ~~of the Education Amendments of 1974, Pub. L. No. 93-380.~~

33
34 SECTION 20. Arkansas Code § 6-5-307 is amended to read as follows:

35 6-5-307. Classroom teacher salary requirement.

36 (a) *Any increase in Educational Excellence Trust Fund funds allocated*

1 *for teacher salaries may shall be used by school districts to provide salary*
 2 *increases for current certified personnel positions and for no other purpose,*
 3 *~~to fund the required salary increase provided for in this subsection, 6-20-~~*
 4 *~~412, and 6-17-2101et seq., and except that required social security and~~*
 5 *teacher retirement matching required to be paid by the school districts for*
 6 *certified personnel may be paid from the funds.*

7 (b) Educational Excellence Trust Fund funds allocated for teacher
 8 salaries shall be disbursed by the Department of Education to school
 9 districts pursuant to the state ~~equalization~~ foundation funding formula under
 10 §§ 6-20-2305.

11 (c) In determining if a school district has had an increase in
 12 Educational Excellence Trust Fund funds allocated for teacher salaries, any
 13 annual increase in such trust funds must exceed the level of the highest year
 14 since 1991 to be classified as an increase.

15
 16 SECTION 21. Arkansas Code Title 6, Chapter 17, Subchapter 21 is
 17 repealed.

18 ~~6-17-2101. Title.~~

19 ~~This subchapter, § 6-5-307(a), and § 6-20-412 shall be known as "The~~
 20 ~~Educator Compensation Act of 2001".~~

21
 22 ~~6-17-2102. Legislative findings and intent.~~

23 ~~(a) The General Assembly determines that:~~

24 ~~(1) Salaries of Arkansas educators have traditionally lagged~~
 25 ~~behind the salaries of educators in the nation and in the states that~~
 26 ~~surround Arkansas;~~

27 ~~(2) Even though educators have achieved annual increases of~~
 28 ~~approximately three and two tenths percent (3.2%) in recent years, Arkansas~~
 29 ~~is still far behind its neighboring states;~~

30 ~~(3)(A) Nationally and within Arkansas, there has developed a~~
 31 ~~shortage of qualified educators in certain fields of teaching.~~

32 ~~(B) One of the reasons for this shortage is that Arkansas~~
 33 ~~educators lag behind other professionals in salary amount;~~

34 ~~(4) The most important part of a student's educational~~
 35 ~~experience is the people who actually educate them; and~~

36 ~~(5) It is necessary to attract qualified educators to the public~~

1 ~~education system in order to increase the achievement of all Arkansas public~~
2 ~~school students.~~

3 ~~(b) It is the intent of the General Assembly that:~~

4 ~~(1) This subchapter shall not supplant, but shall supplement,~~
5 ~~traditional pay increases that have occurred at the local level in recent~~
6 ~~years;~~

7 ~~(2) School districts should not stop or alter any intentions to~~
8 ~~give educators a salary increase in the current school year because of the~~
9 ~~enactment of this subchapter; and~~

10 ~~(3) This subchapter is the first of many steps that must be and~~
11 ~~shall be taken by the General Assembly to increase the quality of the working~~
12 ~~force in education over the upcoming years.~~

13
14 ~~6-17-2103. Definitions.~~

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

16 ~~(1) "Required salary increase" means:~~

17 ~~(A) For fiscal year 2002, an amount no less than one~~
18 ~~thousand dollars (\$1,000), excluding benefits and employer contributions to~~
19 ~~teacher retirement and social security, over a targeted educator's salary for~~
20 ~~fiscal year 2001; and~~

21 ~~(B) For fiscal year 2003 an amount no less than three~~
22 ~~thousand dollars (\$3,000), excluding benefits and employer contributions to~~
23 ~~teacher retirement and social security, over a targeted educator's salary for~~
24 ~~fiscal year 2001;~~

25 ~~(2) "Targeted educator" means an individual employed by a school~~
26 ~~district, and:~~

27 ~~(A) Who must hold a certificate issued by the State Board~~
28 ~~of Education in order to be employed in the individual's present position;~~
29 ~~and~~

30 ~~(B) Whose primary job responsibilities are for the~~
31 ~~education of public school students in grades prekindergarten through twelve~~
32 ~~(PK-12) and do not include districtwide administrative duties.~~

33
34 ~~6-17-2104. Method for implementation.~~

35 ~~(a) On or before June 30 of each fiscal year, each local school~~
36 ~~district shall have implemented the required salary increase or have received~~

1 ~~a waiver from the Department of Education under § 6-17-2105.~~

2 ~~(b) A school district shall implement the required salary increase in~~
3 ~~a variety of methods, including:~~

4 ~~(1) Increasing the base salaries of the targeted educators by~~
5 ~~the required salary increase;~~

6 ~~(2) Paying a supplement to the salaries of the targeted~~
7 ~~educators at each step and each lane of the salary schedule equal to the~~
8 ~~required salary increase and making the supplement an addendum to the~~
9 ~~targeted educator's contract. The supplement, added to the targeted~~
10 ~~educator's regular salary, shall equal the targeted educator's total salary~~
11 ~~which shall be a continuing obligation; or~~

12 ~~(3) A combination of subdivisions (b)(1) and (b)(2) of this~~
13 ~~section.~~

14 ~~(c) Any school district utilizing the method stated in subsection~~
15 ~~(b)(2) of this section shall clearly mark those supplements under the title~~
16 ~~"Targeted Educator Compensation Act Supplement" in order to make the method~~
17 ~~easily identifiable. The "Targeted Educator Compensation Act Supplement"~~
18 ~~shall be incorporated into the salary schedule in the same way as other~~
19 ~~salary supplements under §§ 6-17-201—6-17-208.~~

20 ~~(d) Notwithstanding the method used under subsection (b) of this~~
21 ~~section, the required salary increase shall be a continuing salary obligation~~
22 ~~of the school districts.~~

23 ~~(e) Targeted educators who work on a part-time basis or individuals~~
24 ~~who qualify as targeted educators on a part-time basis shall receive a pro~~
25 ~~rata share of the required salary increase equal to the proportion of time~~
26 ~~that they are employed.~~

27 ~~(f)(1) Nothing in this section shall be construed to prohibit a school~~
28 ~~district from implementing the required salary increase for fiscal year 2003~~
29 ~~by exceeding the required salary increase for fiscal year 2002 and paying the~~
30 ~~difference between the required salary increase for fiscal year 2003 and the~~
31 ~~actual amount applied to the required salary increase for fiscal year 2002.~~

32 ~~(2) The legislative intent of this subchapter is that all~~
33 ~~targeted educators will receive a required salary increase of three thousand~~
34 ~~dollars (\$3,000) by fiscal year 2003.~~

35 ~~(g)(1) Nothing in this subchapter shall be construed to allow the step~~
36 ~~increases for education and experience, required under § 6-17-1001, as~~

1 ~~currently established in the individual school district, to be applied to the~~
2 ~~required salary increase as meeting the requirements under the provisions of~~
3 ~~this subchapter.~~

4 ~~(2) Nothing in this subchapter shall be construed as to allow~~
5 ~~any other method than increases in the base salary to fulfill the existing~~
6 ~~requirements of § 6-17-1001 pertaining to the minimum salaries of teachers.~~

7 ~~(3) Nothing in this subchapter shall be construed to prohibit a~~
8 ~~school district from raising its salaries in excess of the required salary~~
9 ~~increase.~~

10 ~~(h) Nothing in this subchapter shall be interpreted to preclude school~~
11 ~~district employees other than targeted educators from receiving a similar~~
12 ~~increase in salary.~~

13 ~~(i) School districts are prohibited from instituting quid pro quo~~
14 ~~situations in which school districts extend the length of or add additional~~
15 ~~duties to the targeted educator's contract in return for the required salary~~
16 ~~increase.~~

17 ~~(j) The required salary increase for targeted educators who are~~
18 ~~prekindergarten teachers shall only be required to be implemented if the~~
19 ~~local school district has sufficient funds available to completely implement~~
20 ~~the required salary increase for the given fiscal year.~~

21
22 ~~6-17-2105. Exemptions.~~

23 ~~(a) Any local school district engaged in agreed to collective~~
24 ~~bargaining with its certified staff shall be exempt from the provisions of~~
25 ~~this subchapter to the extent that school districts in collective bargaining~~
26 ~~shall negotiate on salaries and other terms and conditions of employment.~~
27 ~~This section in no way is to be interpreted as altering or replacing any~~
28 ~~collective bargaining agreement in place at the time of the enactment of this~~
29 ~~subchapter.~~

30 ~~(b)(1) Any local school district may petition the Department of~~
31 ~~Education for a waiver from the provisions of this subchapter.~~

32 ~~(2) The waiver shall not be for a time greater than three (3)~~
33 ~~years.~~

34 ~~(3) The process for the waiver shall be the same as the process~~
35 ~~for a local school district to receive a waiver under § 6-17-1001.~~

36 ~~(4) Any local school district that petitions for and is granted~~

1 a waiver from this subchapter shall be placed in Phase I of fiscal distress
2 as defined under §§ 6-20-1601—6-20-1610.

3
4 ~~6-17-2106. Regulatory authority and enforcement.~~

5 ~~(a) The State Board of Education shall have the authority, acting~~
6 ~~pursuant to its rule-making power, to promulgate appropriate rules and~~
7 ~~regulations for the implementation of the provisions of this subchapter.~~

8 ~~(b) The provisions of this subchapter shall be audited on an annual~~
9 ~~basis.~~

10 ~~(c) Any school district that has been found to not be in compliance~~
11 ~~with the provisions of this subchapter shall be placed on Phase I fiscal~~
12 ~~distress under the provisions of § 6-20-1601 et seq.~~

13
14 *SECTION 22. Arkansas Code § 6-18-227(n) through (o), concerning the*
15 *Arkansas Opportunity Public School Choice Act of 2004, is amended to read as*
16 *follows:*

17 ~~(n) Losses in revenue to a district directly related to the transfer~~
18 ~~of students pursuant to this section shall not be considered when determining~~
19 ~~a district's eligibility for funding pursuant to § 6-20-326 or other school~~
20 ~~funding formulas as approved by the General Assembly.~~

21 ~~(o)(n)~~ *A district under this program shall request public service*
22 *announcements to be made over the broadcast media and in the print media at*
23 *such times and in such manner as to inform parents or guardians of students*
24 *in adjoining districts of the availability of the program, the application*
25 *deadline, and the requirements and procedure for nonresident students to*
26 *participate in the program.*

27
28 *SECTION 23. Arkansas Code § 6-20-402(a)(2), concerning school*
29 *district's debt, is amended to read as follows:*

30 *(2) School districts may issue postdated warrants or enter into*
31 *installment contracts or short-term lease-purchase agreements for the*
32 *following purposes:*

33 *(A) Purchase of school buses;*

34 *(B) Payment of premiums of insurance policies on school*
35 *buildings, facilities, and equipment in instances in which the insurance*
36 *coverage extends three (3) years or longer;*

