

1 State of Arkansas
2 85th General Assembly
3 First Extraordinary Session, 2006
4

Call Item 5

A Bill

HOUSE BILL 1035

5 By: Representative George
6 By: Senator G. Jeffress
7
8

For An Act To Be Entitled

AN ACT TO AMEND VARIOUS PROVISIONS OF THE
ARKANSAS CODE RELATED TO PUBLIC SCHOOL FINANCE TO
UPDATE FOUNDATION FUNDING AND TO LIMIT SCHOOL
DISTRICT CENTRAL OFFICE ADMINISTRATION SALARIES,
BENEFITS AND EXPENSES; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO AMEND VARIOUS PROVISIONS OF
THE ARKANSAS CODE RELATED TO PUBLIC
SCHOOL FINANCE.

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

SECTION 1. Arkansas Code § 6-20-2305(a), concerning public school
foundation funding, 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)(A) For the 2005-2006 school year, the foundation funding
amount is equal to five thousand four hundred eighty-six dollars ~~(\$5,400)~~
(\$5,486) multiplied by the district's average daily membership ~~of~~ for the
previous school year.



1 (B) For the 2006-2007 school year, the foundation funding
2 amount is equal to five thousand ~~four~~ six hundred ~~ninety-seven~~ twenty dollars
3 ~~(\$5,497)~~ (\$5,620) multiplied by the district's average daily membership ~~of~~
4 for the previous school year.

5 (C) For the 2005-2006 school year and the 2006-2007 school
6 year, the foundation funding amount provided under subdivisions (a)(2)(A) and
7 (B) of this section shall be increased by forty-two dollars (\$42.00)
8 multiplied by the district's average daily membership for the previous school
9 year to pay for increased school district costs resulting from the 2005-2006
10 and 2006-2007 increases in the employer's rate of contribution to the
11 Arkansas Teacher Retirement System from thirteen percent (13%) to fourteen
12 percent (14%).

13
14 SECTION 2. Arkansas Code Title 6, Chapter 20, Subchapter 22 is amended
15 to add an additional section to read as follows:

16 6-20-2209. Limitation on central office administrative expenditures.

17 (a) As used in this section:

18 (1)(A) "Central Office Administrator" means any person employed
19 by a school district who:

20 (i) Has district-wide administrative responsibility;

21 (ii) Is not a classroom teacher or building level
22 principal; and

23 (iii) Is employed in a position classified by the
24 Arkansas School and Educational Cooperative Financial Accounting Manual under
25 function codes designated by the department, such as central office
26 administrative function codes 2111, 2121, 2131, 2141, 2151, 2211, 2216, 2221,
27 2300-2399, 2500-2599, 2610, 2710, and 2800-2899.

28 (B) A school district may not change the classification
29 code of any position designated before April 3, 2006, as central office
30 administration without first obtaining written permission from the Department
31 of Education;

32 (2)(A) "Classroom teachers" means an individual who is:

33 (i) Required to hold a teaching license from the
34 Department of Education; and

35 (ii) Engaged directly in instruction with students in a
36 classroom setting for more than seventy percent (70%) of the person's

1 contracted time.

2 (B) The portion of contracted time a person is engaged in
 3 his or her duties as a guidance counselor, librarian, math and literacy
 4 coach, alternative learning environment director and staff, and summer and
 5 after-school program staff shall be counted for purposes of subdivision
 6 (a)(2)(A);

7 (3) "Building level principal" means any person who has
 8 administrative responsibility for student instruction and discipline that is
 9 limited to certain schools or buildings within the school district;

10 (4) "Federally-funded salary" means any portion of a school
 11 district employee's salary and benefits paid from fund six (6) of the
 12 Arkansas School and Educational Service Cooperative Financial Accounting
 13 Manual; and

14 (5)(A) "Central office administrative expenses" means school
 15 district administrative expenses assigned to any object code in function
 16 codes in the Arkansas School and Educational Cooperative Financial Accounting
 17 Manual designated by the department, such as those expenses in central office
 18 administrative function codes 2111, 2121, 2131, 2141, 2151, 2211, 2216, 2221,
 19 2300-2399, 2500-2599, 2610, 2710, and 2800-2899.

20 (B) No school district may change the object, function or
 21 other code classification of such expenses which were previously designated
 22 as a central office administrative expense, pursuant to this definition, as
 23 of April 3, 2006, without first obtaining the written permission of the
 24 department.

25 (b)(1)(A) Beginning with the 2006-2007 school year and each school
 26 year thereafter, a school district's expenditures for central office
 27 administrative expenses, salaries, and benefits for central office
 28 administrators and their staff, regardless of the source of funds, shall not
 29 exceed eight percent (8%) of the sum of the district's actual total
 30 expenditures for the school year recorded in:

- 31 (i) Fund one (1) of the teacher salary fund;
- 32 (ii) Fund two (2) of the district's operating fund;
- 33 and
- 34 (iii) Fund four (4) of the district's debt service
- 35 fund.

36 (B) The maximum amount shall not be affected by any

1 transfers among fund codes.

2 (2) The following expenditures are exempted from the limitations
3 of subdivision (b)(1):

4 (A) Any portion of a federally-funded salary; and

5 (B) Any portion of salaries and benefits paid to a
6 classroom teacher or building-level principal.

7 (c) The Commissioner of Education may waive in writing the limitations
8 of subdivision (b)(1) of this section for any school district, provided:

9 (1) The superintendent and chair of the district's board of
10 directors submit a written request for a waiver; and

11 (2) The written request includes evidence of extraordinary
12 circumstances requiring the school district to exceed the limitations of
13 subdivision (b)(1) of this section.

14 (d)(1)(A) On or before December 15 of each school year, the Department
15 of Education and the Division of Legislative Audit shall file with the
16 Legislative Joint Auditing Committee a joint report identifying any school
17 district that violated the provisions of this section in the prior school
18 year.

19 (B)(i) The Division of Legislative Audit shall, before the
20 end of the school year that the report is received, conduct a review of each
21 school district listed in the Department of Education's report and issue a
22 follow-up verification report to the committee on the school districts that
23 violated the provisions of subdivision (b)(1) of this section.

24 (ii) The Division of Legislative Audit shall report
25 to the committee any other school district determined to be in violation of
26 subsection (b)(1) of this section when conducting annual audits of public
27 school districts.

28 (2) The committee shall require the superintendent and chair of
29 the board of directors of any school district identified in the report to
30 appear before the committee and provide an explanation and accounting of its
31 central office administrative expenses for the school year in which the
32 violation occurred.

33 (3) The Department of Education shall designate a school
34 district identified in the report as failing to comply with the best
35 financial management practices for school districts, as provided in § 6-15-
36 2301.

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SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the Arkansas Supreme Court found that the public school funding system continues to be inadequate and the public schools are operating under a constitutional infirmity which must be corrected immediately; that to correct the constitutional infirmity and to provide adequate funding for public education, the amount of funding provided to school districts shall be revised; that the current amount of funding expended in some districts on central office administration is unjustified and that a limitation on these expenditures will result in an efficient use of state funds; and that this act is necessary to allow the Department of Education and the Chief Fiscal Officer of the State sufficient time to make all necessary adjustments, calculations, and distributions to ensure adequate funding for the current school year. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.