

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.

State of Arkansas

As Engrossed: H2/21/07

86th General Assembly

A Bill

Regular Session, 2007

HOUSE BILL 1632

By: Representatives Kenney, Abernathy, Berry, Blount, T. Bradford, Cheatham, Cook, Dickinson, Everett, Harris, J. Johnson, Lamoureux, M. Martin, Norton, Petrus, Pickett, Rainey, Rosenbaum, Saunders, Walters, Wood, Wagner

By: Senators Broadway, Critcher, Baker, Bookout, B. Johnson, Wilkins, Womack, Argue, Bisbee

For An Act To Be Entitled

AN ACT IN CONCORDANCE WITH THE 2006 ACT 57
ADEQUACY STUDY; TO AMEND THE PUBLIC SCHOOL
FUNDING ACT OF 2003 TO INCREASE THE AMOUNT OF PER
STUDENT FOUNDATION FUNDING AND CATEGORICAL
FUNDING; TO ENSURE THAT EVERY PUBLIC SCHOOL
DISTRICT IN THE STATE RECEIVES THE FULL AMOUNT OF
FOUNDATION FUNDING; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO AMEND THE PUBLIC SCHOOL
FUNDING ACT OF 2003 AND TO ENSURE THAT
EVERY PUBLIC SCHOOL DISTRICT IN THE
STATE RECEIVES THE FULL AMOUNT OF
FOUNDATION FUNDING.

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

SECTION 1. DO NOT CODIFY. ACT 57 COMPLIANCE.

The General Assembly declares this act to be in concordance with the study of the state's system of public education conducted in 2006 by the Adequacy Study Oversight Subcommittee, the House Interim Committee on Education, and the Senate Interim Committee on Education in compliance with Act 57 of the Second Extraordinary Session of 2003.



SECTION 2. Arkansas Code § 6-20-2303(11) through (22), concerning the definitions relating to public school funding, are amended to read as follows:

(11) "Miscellaneous funds" means those funds:

(A) ~~collected either in the average of the previous five (5) school years or~~ Collected in the previous school year, ~~whichever is less, and reported to the Department of Education by April 15 of each school year; and~~

(B) ~~from~~ Consisting of:

(i) ~~funds~~ Funds received by a school district from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes, and

(ii) ~~funds~~ Funds received by the school district in lieu of taxes, ~~and local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et seq., 26-74-301 et seq., 26-75-301 et seq., and 14-164-301 et seq.;~~

(12)(A) "National school lunch students" means those students or the percentage of enrolled students from low socioeconomic backgrounds as indicated by eligibility for free or reduced-price meals under the National School Lunch Act as determined on October 1 of each previous school year and submitted to the department, unless the school district is identified by the department as participating in the special assistance certification and reimbursement alternative implemented under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. § 245.9.

(B)~~(i)~~ If the school district is participating under 42 U.S.C. § 1759a, then for purposes of funding under § 6-20-2305(b), such a school district's annual percentage of national school lunch students shall be equal to the percentage submitted in the base year, which means the last school year for which eligibility determinations were made and meal counts were taken by type ~~except for the 2005-2006 school year as explicated in subdivision (12)(B)(ii) of this section.~~

~~(ii) If a school district received funding for national school lunch students in the 2004-2005 school year as though one hundred percent (100%) of its students were eligible for free meals because of the school district's participation under 42 U.S.C. § 1759a, then that~~

~~school district shall be funded for the 2005-2006 school year based upon the October 1, 2005, submission by a school district to the department if the school district has completed a new student eligibility determination and submitted that new eligibility determination to the department by October 1, 2005;~~

(13) "Net revenues" means actual revenues received from ad valorem taxes collected on behalf of a school district, multiplied by the uniform rate of tax over the total millage rate of the school district.

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

~~(14)(A)~~ (15)(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;

(16)(A) "Revenues" means:

(i) The following items collected or received on behalf of a school district:

(a) Current year ad valorem taxes; plus

(b) Delinquent ad valorem taxes; plus

(c) Homestead tax credit; plus

(d) Interest earned on any tax funds held in trust; less

(ii) All costs and net commissions relating to the collection of ad valorem taxes authorized by law that are collected or withheld for later distribution by the county offices.

(B) On or before March 31 of each year, the Assessment Coordination Department shall compile the revenues for each school district for the calendar year preceding the end of the school fiscal year.

(C) The calculation of revenues shall be made in accordance with rules established by the Assessment Coordination Department.

~~(15)~~(17) "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, which board

1 conducts the daily affairs of public schools pursuant to the supervisory
2 authority vested in it by the General Assembly and title 6 of the Arkansas
3 Code;

4 ~~(16)~~(18) "Secondary vocational area center" means a public
5 secondary vocational institution organized for the specific purpose of
6 educating high school students in specific occupational or vocational areas
7 and serving students from more than one (1) participating school district;

8 ~~(17)~~(19) "Special education catastrophic occurrences" means
9 individual cases in which special education and related services required by
10 the individualized education program of a particular student with
11 disabilities are unduly expensive, extraordinary, or beyond the routine and
12 normal costs associated with special education and related services provided
13 by a school district and funding is pursuant to rules promulgated by the
14 state board;

15 ~~(18)~~(20) "State foundation funding aid" means the amount of
16 state financial aid provided to each school district and computed as the
17 difference between the foundation funding amount established by the General
18 Assembly and the sum of ninety-eight percent (98%) of the uniform rate of tax
19 multiplied by the property assessment of the school district plus ~~seventy-~~
20 ~~five percent (75%) of the~~ miscellaneous funds of the school district;

21 ~~(19)~~(A)(21) "Student growth funding" means the amount of state
22 financial aid provided to each school district from funds made available for
23 ~~that purpose~~ the growth in the average daily membership for the school
24 district.

25 ~~(B) For school years 2005-2006 and 2006-2007, student~~
26 ~~growth funding is calculated as five thousand four hundred dollars (\$5,400)~~
27 ~~multiplied by the increase, if any, in the school district's two-quarter~~
28 ~~average of the average daily membership of the current school year over the~~
29 ~~local school district's two-quarter average of the average daily membership~~
30 ~~for the previous school year, excluding any increase resulting solely from~~
31 ~~consolidation or annexation with another school district;~~

32 ~~(20)~~(22) "Teachers of the gifted and talented" means individuals
33 certified by the state board to teach students identified as gifted and
34 talented;

35 ~~(21)~~(23) "Technology" means any equipment for instructional
36 purposes that is electronic in nature, including, but not limited to,

1 computer hardware, computer software, Internet connectivity, and distance
2 learning; and

3 ~~(22)~~(24) "Uniform rate of tax" means a uniform rate of ad
4 valorem property tax of twenty-five (25) mills to be levied on the assessed
5 value of all taxable real, personal, utility, and regulated carrier property
6 in the state to be used solely for the maintenance and operation of the
7 public schools as required by Arkansas Constitution, Article 14, § 3, as
8 amended by Arkansas Constitution, Amendments 11, 40, and 74.

9 (a)(1)(A) For each school year, each school district shall receive
10 state foundation funding aid computed as the difference between the
11 foundation funding amount pursuant to subdivision (a)(2) of this section and
12 the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied
13 by the property assessment of the school district plus ~~seventy-five percent~~
14 ~~(75%) of the miscellaneous funds of the school district.~~

15 (B) The Department of Education shall distribute state
16 foundation funding aid to each school district in eleven (11) equal monthly
17 payments.

18 ~~(2)(A) For the 2005-2006 school year, the foundation funding~~
19 ~~amount is equal to five thousand four hundred eighty-six dollars (\$5,486)~~
20 ~~multiplied by the district's average daily membership for the previous school~~
21 ~~year.~~

22 ~~(B)(2)(A) For the 2006-2007~~ 2007-2008 school year, the
23 foundation funding amount is equal to ~~five thousand six hundred twenty~~
24 ~~dollars (\$5,620)~~ five thousand seven hundred nineteen dollars (\$5,719)
25 multiplied by the school district's average daily membership for the previous
26 school year.

27 (B) For the 2008-2009 school year, the foundation funding
28 amount is equal to five thousand seven hundred eighty-nine dollars (\$5,789)
29 multiplied by the school district's average daily membership for the previous
30 school year.

31 (B) For the 2008-2009 school year and each school year
32 thereafter, the foundation funding amount is equal to five thousand seven
33 hundred sixty dollars (\$5,760) multiplied by the school district's average
34 daily membership for the previous school year.

35 ~~(C) For the 2005-2006 school year and the 2006-2007 school~~
36 ~~year, the foundation funding amount provided under subdivisions (a)(2)(A) and~~

~~(B) of this section shall be increased by forty two dollars (\$42.00) multiplied by the district's average daily membership for the previous school year to pay for increased school district costs resulting from the 2005-2006 and 2006-2007 increases in the employer's rate of contribution to the Arkansas Teacher Retirement System from thirteen percent (13%) to fourteen percent (14%).~~

~~(3)(A) During the 2006-2007, school year, a A school district with an that has experienced a decline in average daily membership over the two (2) immediately preceding school years that is less than the school district's previous year's average daily membership shall receive:~~

~~(i) Declining enrollment funding equal to the difference between the average of the two (2) immediately preceding years' average daily memberships and the average daily membership for the previous school year multiplied by five thousand six hundred twenty dollars (\$5,620) the amount of foundation funding set forth in subdivision (a)(2) of this section; or~~

~~(b) For the 2008-2009 school year and each school year thereafter, multiplied by five thousand seven hundred sixty dollars (\$5,760); or~~

~~(ii) Special needs isolated funding under § 6-20-604.~~

(B) Any funding appropriated and available for declining enrollment funding under subdivision (a)(3)(A)(i) of this section or special needs isolated funding under § 6-20-604 that is not distributed under subdivision (a)(3)(A) of this section shall be prorated and distributed qualifications for both declining enrollment funding under subsection (a)(3)(A)(i) of this section and special needs isolated funding under § 6-20-604.

(C) No school district shall receive both declining enrollment funding under subdivision (a)(3)(A)(i) of this section and student growth funding under § 6-20-2303(21).

(4)(A) By the end of each school fiscal year, for a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the department shall distribute to the school district the difference between:

1 (i) The net revenues of the school district; and
2 (ii) The sum of ninety-eight percent (98%) of the
3 uniform rate of tax multiplied by the property assessment of the school
4 district.

5 (B) For a school district whose net revenues are more than the
6 sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by
7 the property assessment of the school district, the department, under the
8 authority of § 6-20-2306, shall recoup from the school district an amount
9 equal to the difference between:

10 (i) The net revenues of the school district; and
11 (ii) The sum of ninety-eight percent (98%) of the
12 uniform rate of tax multiplied by the property assessment of the school
13 district.

14 ~~(2)(A)(i) For school years 2005-2006 and 2006-2007 Beginning with the~~
15 ~~2007-2008 school year, alternative learning environment funding and secondary~~
16 ~~vocational area center funding shall be three thousand two hundred fifty~~
17 ~~dollars (\$3,250) four thousand sixty-three dollars (\$4,063) multiplied by:~~
18 ~~(i) The the number of identified alternative~~
19 ~~learning environment students enrolled during the previous school year; and~~
20 ~~(ii) The number of students enrolled in a secondary~~
21 ~~vocational area center during the previous school year.~~

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

25 ~~(G)(B)(i) Beginning with the 2007-2008 school year,~~
26 ~~secondary vocational area center funding shall be three thousand two hundred~~
27 ~~fifty dollars (\$3,250) multiplied by the number of students enrolled in a~~
28 ~~secondary vocational area center during the previous school year.~~

29 (ii) Funding for students in secondary vocational
30 area centers shall be distributed based on rules promulgated by the State
31 Board of Workforce Education and Career Opportunities.

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

35 (3)(A) ~~For school years 2005-2006 and 2006-2007, the English-~~
36 ~~language learners funding Beginning with the 2007-2008 school year, funding~~

1 for students who are identified as English-language learners shall be ~~one~~
 2 ~~hundred ninety five dollars (\$195)~~ two hundred ninety-three dollars (\$293)
 3 for each identified English-language learner.

4 (B) Funding for ~~English language learner students~~ English-
 5 language learners shall be distributed to school districts for students who
 6 have been identified as not proficient in the English language based upon a
 7 state-approved English proficiency assessment instrument.

8 (C) Funds allocated for English-language learners to
 9 school districts under this subchapter shall be expended only for eligible
 10 activities as identified in current rules promulgated by the State Board of
 11 Education and are a supplement to funding for national school lunch students
 12 provided in subdivision (b)(4) of this section.

13 (4)(A) ~~For school years 2005-2006 and 2006-2007~~ Beginning with
 14 the 2007-2008 school year, national school lunch student funding for each
 15 identified national school lunch student shall be as follows:

16 (i) For a school districts district in which ninety
 17 percent (90%) or greater of the previous school year's enrolled students are
 18 national school lunch students, funding shall be ~~one thousand four hundred~~
 19 ~~forty dollars (\$1,440)~~ one thousand four hundred eighty-eight dollars
 20 (\$1,488);

21 (ii) For school districts in which at least seventy
 22 percent (70%) but less than ninety percent (90%) of the previous school
 23 year's enrolled students are national school lunch students, funding shall be
 24 ~~nine hundred sixty dollars (\$960)~~ nine hundred ninety-two dollars (\$992);
 25 and

26 (iii) For school districts in which less than
 27 seventy percent (70%) of the previous school year's enrolled students are
 28 national school lunch students, funding shall be ~~four hundred eighty dollars~~
 29 ~~(\$480)~~ four hundred ninety-six dollars (\$496).

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 31 *SECTION 3. Arkansas Code § 6-20-2305(b)(5), concerning categorical*
 32 *funding for professional development, is amended to read as follows:*

33 (5)(A) Beginning with school year 2007-2008, Professional
 34 professional development funding ~~for school years 2005-2006 and 2006-2007~~
 35 *shall be equal to an amount of up to fifty dollars (\$50.00) multiplied by the*
 36 *school district's previous school year average daily membership.*

(B) Funding for professional development for teachers in Arkansas public schools shall be used for professional development ~~training conferences, materials, and other professional development~~ activities and materials that improve the knowledge of teachers, administrators, and paraprofessionals concerning effective instructional strategies, methods, and skills for improving teaching practices and student academic achievement as outlined in rules promulgated by the State Board of Education.

SECTION 4. Arkansas Code § 6-20-2305(c), concerning isolated funding, student growth funding, and special education-catastrophic occurrences funding, is amended to read as follows:

(c) Isolated funding under § 6-20-601, student growth funding, and special education-catastrophic occurrences funding shall be funded as follows:

(1) Isolated funding and special education-catastrophic occurrences funding shall be allocated and funded to school districts in a line item appropriation within the Public School Fund pursuant to law or rules promulgated by the State Board of Education; and

(2)(A) Student growth funding is calculated as the sum of the following amounts:

(i) One quarter (1/4) of the per student foundation funding for the school district under § 6-20-2305(a)(2) multiplied by the increase, if any, of each of the following:

(a) The school district's quarterly average daily membership for the first quarter of the current school year over average daily membership of the previous school year;

(b) The school district's quarterly average daily membership for the second quarter of the current year over the average daily membership of the previous school year;

(c) The school district's quarterly average daily membership for the third quarter of the current school year over the daily membership of the previous school year; and

(d) The school district's quarterly average daily membership for the fourth quarter of the current school year over the average daily membership of the previous school year; and

(ii) ~~excluding~~ Excluding any increase resulting

solely from consolidation or annexation with another school district~~†~~.

(B) The State Board of Education shall establish by rule the timing of distributions of student growth funding and the mechanism for determining the quarterly average daily membership to be used in calculating student growth funding under this subsection (c).

SECTION 5. NOT TO BE CODIFIED. The document attached hereto titled "Education Funding Recommendations for the 2007-2009 Biennium", contains the Education Funding Recommendations of the Adequacy Study Oversight Subcommittee, the House Interim Committee on Education, and the Senate Interim Committee on Education. Since January 22, 2007, when those recommendations were adopted by the House Education Committee and the Senate Education Committee, some calculation errors were identified and recalculations were made. The recalculations are also contained in this document in narrative form. This document and its final recommendations are specifically adopted by the House Education Committee and the Senate Education Committee and recommended to the General Assembly. The document, "Education Funding Recommendations for the 2007-2009 Biennium", shall be filed in the journals of the House and Senate.

SECTION 6. Arkansas Code § 6-17-2403(b) and (c), concerning the minimum teacher compensation schedule, is amended to read as follows:

~~(b)(1) In school year 2004-2005, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:~~

Years of Experience	BA Degree Salary	MA Degree Salary
0	\$27,500	\$31,625
1	27,950	32,125
2	28,400	32,625
3	28,850	33,125
4	29,300	33,625
5	29,750	34,125
6	30,200	34,625
7	30,650	35,125
8	31,100	35,625

1	9	31,550	36,125
2	10	32,000	36,625
3	11	32,450	37,125
4	12	32,900	37,625
5	13	33,350	38,125
6	14	33,800	38,625
7	15	34,250	39,125

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9 ~~(2) In school year 2005-2006, each school district in the state~~
 10 ~~shall have in place a salary schedule with at least the following minimum~~
 11 ~~levels of compensation for a basic contract:~~

12

13	Years of Experience	BA Degree Salary	MA Degree Salary
14	0	\$27,940	\$32,131
15	1	28,390	32,631
16	2	28,840	33,131
17	3	29,290	33,631
18	4	29,740	34,131
19	5	30,190	34,631
20	6	30,640	35,131
21	7	31,090	35,631
22	8	31,540	36,131
23	9	31,990	36,631
24	10	32,440	37,131
25	11	32,890	37,631
26	12	33,340	38,131
27	13	33,790	38,631
28	14	34,240	39,131
29	15	34,690	39,631

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31 ~~(c) In school year 2006-2007 and each school year thereafter, each~~
 32 ~~school district in the state shall have in place a salary schedule with at~~
 33 ~~least the following minimum levels of compensation for a basic contract:~~

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35	Years of Experience	BA Degree Salary	MA Degree Salary
36	0	\$28,611	\$32,902

1	1	29,061	33,402
2	2	29,511	33,902
3	3	29,961	34,402
4	4	30,411	34,902
5	5	30,861	35,402
6	6	31,311	35,902
7	7	31,761	36,402
8	8	32,211	36,902
9	9	32,661	37,402
10	10	33,111	37,902
11	11	33,561	38,402
12	12	34,011	38,902
13	13	34,461	39,402
14	14	34,911	39,902
15	15	35,361	40,402

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17 (b) In school year 2007-2008, each school district in the state shall
 18 have in place a salary schedule with at least the following minimum levels of
 19 compensation for a basic contract:

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21	<u>Years of Experience</u>	<u>BA Degree Salary</u>	<u>MA Degree Salary</u>
22	0	\$28,897	\$33,231
23	1	29,352	33,736
24	2	29,806	34,241
25	3	30,261	34,746
26	4	30,715	35,251
27	5	31,170	35,756
28	6	31,624	36,261
29	7	32,079	36,766
30	8	32,533	37,271
31	9	32,988	37,776
32	10	33,442	38,281
33	11	33,897	38,786
34	12	34,351	39,291
35	13	34,806	39,796
36	14	35,260	40,301

1 15 35,715 40,806

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3 (c) In school year ~~2006-2007~~ 2008-2009 and each school year
4 thereafter, each school district in the state shall have in place a salary
5 schedule with at least the following minimum levels of compensation for a
6 basic contract:

<u>Years of Experience</u>	<u>BA Degree Salary</u>	<u>MA Degree Salary</u>
0	\$29,533	\$33,963
1	29,998	34,479
2	30,462	34,995
3	30,927	35,511
4	31,391	36,027
5	31,856	36,543
6	32,320	37,059
7	32,785	37,576
8	33,249	38,092
9	33,714	38,608
10	33,508	39,124
11	34,643	39,640
12	35,107	40,156
13	35,572	40,672
14	36,036	41,188
15	36,501	41,705"

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26 SECTION 7. NOT TO BE CODIFIED. The amendment to the minimum teacher
27 compensation schedule contained in Section 5 of this act reflects the overall
28 increase in foundation funding. This amendment is a significant step in
29 closing the teacher salary gap. The increased minimum teacher compensation
30 schedule helps in recruiting and retaining teachers in Arkansas. Most
31 importantly, it makes Arkansas more competitive for quality teachers when
32 compared to surrounding states and Southern Regional Education Board member
33 states.

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35 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the
36 General Assembly of the State of Arkansas that the 2006 Act 57 study

1 recommended that foundation funding and categorical funding be increased for
2 the 2007-2008 and 2008-2009 school years; that the method of calculating the
3 state foundation funding aid should be changed to ensure that all public
4 school districts receive the full amount of foundation funding; and that this
5 act is immediately necessary to ensure that public school districts receive
6 adequate foundation funding for the 2007-2008 school year. Therefore, an
7 emergency is declared to exist and this act being immediately necessary for
8 the preservation of the public peace, health, and safety shall become
9 effective on July 1, 2007.

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11 /s/ Kenney, et al
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