

## **“adequate education” statute**

### **6-20-2301. Title.**

This subchapter shall be known and may be cited as the “Public School Funding Act of 2003”.

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 1.

### **6-20-2302. Legislative findings.**

(a) The General Assembly recognizes that:

(1) Intelligence and virtue are the safeguards of liberty and the bulwark of a free and good government; and

(2) The Arkansas Constitution, Article 14, § 1, requires the State of Arkansas to ever maintain a general, suitable, and efficient system of free public schools and to adopt all suitable means to secure to the people the advantages and opportunities of education.

(b) The General Assembly finds that because of the decision of the Arkansas Supreme Court in *Lake View School District No. 25 v. Huckabee*, 351 Ark. 31 (2002), it is the absolute duty of the State of Arkansas to provide all public school children with an opportunity for an adequate education.

(c) The General Assembly finds that a suitable and efficient system of public education should:

(1) Assure the availability of substantially equal and constitutionally appropriate expenditures by the state for the education of each similarly situated child in the public schools, regardless of where that child resides within the state;

(2) Assure that each school-age child resides in a school district that offers a competitive minimum salary for classroom teachers;

(3) Assure that:

(A) All students graduating from high school are able to demonstrate a defined adequate level of competence in:

(i) English, oral communications, reading, and writing;

(ii) Mathematics skills; and

(iii) Science and social studies disciplines; and

(B) An adequate level of competence evolves over time to higher levels;

(4) Assure that students with disabilities have the opportunity to graduate from high school by demonstrating alternative competencies or alternative levels of competency;

(5) Assure that students who are not on track for high school graduation are identified at a sufficiently early date so that they may be provided an opportunity at a reasonable cost to achieve the minimum levels of competence necessary to graduate from high school;

(6) Recognize that graduating from high school requires that the students, as well as the parents or guardian of the students, work hard and assume appropriate responsibility for the students' success or failure;

(7) Encourage parental involvement in the public schools and in public school activities; and

(8) Recognize that early attention to and correction of student deficiencies are substantially less expensive and more effective than remedial efforts in the later school grades.

(d) The General Assembly recognizes that the supervision of public schools and the execution of the laws regulating the schools shall be vested in such officers as the General Assembly provides.

(e) It is the intent of this subchapter to provide a system of school funding that provides to each public school child in the State of Arkansas an opportunity for an adequate education.

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 1.

### **6-20-2303. Definitions.**

As used in this subchapter:

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

(2) (A) “Alternative learning environment” means a student intervention program in compliance with §§ [6-18-508](#) and [6-18-509](#) that seeks to eliminate traditional barriers to learning for students.

(B) The State Board of Education shall promulgate rules that explicate not only which alternative learning environment programs shall qualify for funding, but also the characteristics

of students who qualify for funding because they have been placed in an alternative learning environment program;

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

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

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

**(i)** Students who reside within the boundaries of the school district and who are enrolled in a public school operated by the school district;

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

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

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

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

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

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

**(b)** Physically attending the distance learning course or courses on the campus of the public school district or open-enrollment public charter school.

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

(4) “Classroom teacher” means:

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

(B) A guidance counselor; or

(C) A librarian;

(5) “English-language learners” means students identified by the state board as not proficient in the English language based upon approved English proficiency assessment instruments administered annually in the fall of the current school year, which assessments measure oral, reading, and writing proficiency;

(6) “Foundation funding” means an amount of money specified by the General Assembly for each school year to be expended by school districts for the provision of an adequate education for each student;

(7) “Gifted and talented programs” means academic curricula, courses, and options designed to improve educational opportunities for gifted and talented students pursuant to guidelines adopted by the state board in accordance with § [6-42-106](#);

(8) “Gifted and talented students” means those students who have been identified as meeting the criteria of the gifted program approval standards established by the state board;

(9) “Legal revenues” means those revenues received or cash balances carried forward by a school district and used to make payments from:

(A) (i) The teacher's salary fund, which means the set of accounts used to record the receipts and expenditures for payment of salaries for certified personnel, certified substitutes, tuition, and fringe benefits as defined by § [6-17-908](#).

(ii) Certified personnel salaries from federal programs are excluded;

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

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

**(10)** “Millage rate” means the millage rate listed in the most recent tax ordinance approved by the county quorum court under the authority of § [14-14-904](#);

**(11) (A)** “Miscellaneous funds” means the average of those funds collected in the previous five (5) school years and reported to the Department of Education by April 15 of each school year, consisting of:

**(i)** 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, and severance taxes; and

**(ii)** 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 the Local Government Bond Act of 1985, § [14-164-301](#) et seq.

**(B)** If the school district no longer receives funds from a source of funds listed in subdivision (11)(A) of this section, then previous collections from that source of funds shall not be included in the five-year average;

**(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 of Education, unless the school district is identified by the Department of Education 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)** 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;

**(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;

**(14)** “Previous year” or “previous school year” means the school year immediately preceding the school year or fiscal year in which funds are allocated;

**(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)** “Quarterly average daily membership” means the average daily membership for one (1) quarter of a school year used for calculating student growth funding and as determined by rule established by the Department of Education;

**(17) (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;

**(18)** “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 of directors conducts the daily affairs of public schools pursuant to the supervisory authority vested in it by the General Assembly and this title;

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

**(20)** “Special education catastrophic occurrences” means individual cases in which special education and related services required by the individualized education program of a particular student with disabilities are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education and related services provided by a school district and funding is pursuant to rules promulgated by the state board;

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

(22) “Student growth funding” means the amount of state financial aid provided to each school district from funds made available for the growth in the average daily membership for the school district;

(23) “Teachers of the gifted and talented” means individuals certified by the state board to teach gifted and talented students;

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

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

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 1; 2005, No. 2283, § 1; 2007, No. 272, § 2; 2007, No. 461, § 1; 2007, No. 825, § 1.

#### **6-20-2304. Regulations — Access to information on legislation.**

(a) The State Board of Education shall have the authority, acting pursuant to its rulemaking powers, to adopt regulations for the implementation of the provisions of this subchapter.

(b) The state board shall provide access to legislation of the General Assembly concerning public school funding by the following methods:

(1) Including a link to the information on the Department of Education website; and

(2) Requiring the superintendent of each public school district in the state to provide each member of the public school district's board of directors with:

(A) Information containing the website address where the member can access the specific legislation; or

(B) Upon request, a printed copy of the legislation.

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 1; 2007, No. 1587, § 2.

#### **6-20-2305. School funding.**

(a) (1) (A) For each school year, each 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 the miscellaneous funds of the school district.

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

**(2) (A)** For the 2007-2008 school year, the foundation funding amount is equal to five thousand seven hundred nineteen dollars (\$5,719) multiplied by the school district's average daily membership for the previous school year.

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

**(C)**

**(i)** In accordance with the state's desire to foster educational excellence, in addition to the amounts determined by the General Assembly to be constitutionally adequate pursuant to subdivisions (a)(2)(A) and (B) of this section, and in addition to the funds distributed to school districts pursuant to subdivisions (a)(2)(A) and (B) of this section:

**(a)** For the 2007-2008 school year, fifty-one dollars (\$51.00) multiplied by the school district's average daily membership for the previous school year; and

**(b)** For the 2008-2009 school year, an additional thirty-six dollars (\$36.00) multiplied by the school district's average daily membership for the previous school year, which when added to the funding under subdivision (a)(2)(C)(i)(a) of this section represents an approximate total for the 2008-2009 school year of eighty-seven dollars (\$87.00) per average daily membership.

**(ii)** The additional funding provided by this subdivision (a)(2)(C):

**(a)** Shall be distributed by the Department of Education in eleven (11) monthly payments from funds appropriated by law and available for distribution as state foundation funding aid; and

**(b)** Shall be known as "Enhanced Educational Funding". The General Assembly has determined that Enhanced Educational Funding provided by this subdivision (a)(2)(C) is in addition to, and in excess of, the amount of funds necessary to provide an adequate education as required by the Arkansas Constitution. The Enhanced Educational Funding is available from a combination of fortunate economic factors, conservative budgeting of all state government, and the favorable forecast of state revenues. As a result, the enhanced component of Enhanced Educational Funding cannot be ensured and may not be relied on beyond the 2007-2009 biennium.

**(3) (A)** A school district that has experienced a decline in average daily membership over the two (2) immediately preceding school years 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 the amount of foundation funding set forth in subdivision (a)(2) of this section; 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 equally per average lost student to school districts that meet the 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 subsection (c) of this section.

**(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 of Education shall distribute to the school district the difference between:

**(i)** The net revenues of the school district; and

**(ii)** The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

**(B)** For a school district whose net revenues are more 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 of Education, under the authority of § [6-20-2306](#), shall recoup from the school district an amount equal to the difference between:

**(i)** The net revenues of the school district; and

**(ii)** The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

**(b) (1)** In addition to state foundation funding aid, each school district shall receive funding for additional education categories as provided in subdivisions (b)(2)-(5) of this section.

**(2) (A) (i)** Beginning with the 2007-2008 school year, alternative learning environment funding shall be four thousand sixty-three dollars (\$4,063) multiplied by the number of identified alternative learning environment students enrolled during the previous school year.

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

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

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

**(3) (A)** Beginning with the 2007-2008 school year, funding for students who are identified as English-language learners shall be two hundred ninety-three dollars (\$293) for each identified English-language learner.

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

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

**(4) (A)** Beginning with the 2007-2008 school year, national school lunch student funding for each identified national school lunch student shall be as follows:

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

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

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

**(B) (i)** Funding under this subdivision (b)(4) for national school lunch students shall be based on the percentage determined in § [6-20-2303](#)(12) multiplied by the number of the previous school year's enrolled students.

**(ii)** Beginning with the 2007-2008 school year, for school districts that are to receive funding under this subdivision (b)(4) based on a different percentage than the preceding school year as determined in § [6-20-2303](#)(12), the funding shall be paid or reduced in three (3) equal amounts over a three-year period following the year in which a school district's number of national school lunch students:

**(a)** Meets, exceeds, or falls below ninety percent (90%); or

**(b)** Meets, exceeds, or falls below seventy percent (70%) but is less than ninety percent (90%).

**(iii) (a)** The Department of Education shall establish rules to implement the transitional funding provided in subdivision (b)(4)(B)(ii) of this section.

**(b)** The rules shall include a method of transitional funding for a school district that both falls below and exceeds a funding level identified in subdivision (b)(4)(A) of this section within a three-year period.

**(iv)** Under no circumstances shall a school district be entitled to receive more or less funding as a result of the transitional process than the school district is otherwise entitled to receive under this subdivision (b)(4) based on the school district's national school lunch student population as a percentage of the school district's entire student population.

**(v) (a)** A school district that has experienced a significant growth in enrolled students in the previous three (3) years shall receive funding for the expected increase in the number of national school lunch students based on the expected increase in enrolled students based on the levels of funding provided in this section for national school lunch students.

**(b)** The State Board of Education shall establish rules to be used by the Department of Education to determine:

**(1)** The amount of growth necessary to qualify as significant growth;

**(2)** The expected increase in the number of national school lunch students based on the expected increase in enrolled students; and

**(3)** Which school districts have experienced a significant growth in enrolled students as necessary to qualify for funding under this subdivision (b)(4)(B)(v).

**(c)** The Department of Education shall not be required to adjust or fund a school district's national school lunch students based on the current year's number of national school lunch students enrolled in the school district or the average growth of students in the school district.

**(C) (i) (a)** The State Board of Education shall establish by rule a list of approved programs and purposes for which funds allocated under this subdivision (b)(4) may be expended.

**(b)** School districts shall expend funds allocated under this subdivision (b)(4) only on the programs or purposes on the State Board of Education's list of approved programs and purposes for which funds allocated under this subdivision (b)(4) may be expended, which shall include, but are not limited to:

**(1)** Classroom teachers, provided that the school district meets the minimum salary schedule in § [6-17-2403](#) without using funds provided under this subdivision (b)(4) and that those teachers are used for the purposes delineated in this subdivision (b)(4);

**(2)** Before-school academic programs and after-school academic programs, including transportation to and from the programs;

**(3)** Prekindergarten programs coordinated by the Department of Human Services;

**(4)** Tutors, teachers' aides, counselors, social workers, nurses, and curriculum specialists;

**(5)** Parent education;

**(6)** Summer programs;

**(7)** Early intervention programs; and

**(8)** Materials, supplies, and equipment, including technology used in approved programs or for approved purposes.

**(ii)** School districts that have met the needs of students for whom the funding is provided for additional educational categories under this subsection (b) and that have excess national school lunch student categorical funds provided under this subdivision (b)(4) may use the excess national school lunch student categorical funds to supplement all classroom teacher salaries under the following conditions:

**(a)** The school district shall not use any portion of the national school lunch student categorical funds that are carry forward or reserve funds to supplement classroom teacher salaries;

**(b)** The school district shall meet the minimum teacher salary schedule under § [6-17-2403](#) without using national school lunch student categorical funds;

**(c)** The school district shall comply with the Standards for Accreditation of Arkansas Public Schools and School Districts established under The Quality Education Act of 2003, § [6-15-201](#) et seq., and the Arkansas Fiscal Assessment and Accountability Program under § [6-20-1901](#) et seq. without using national school lunch student categorical funds; and

**(d)** The school district shall agree that it shall not allocate or use any excess national school lunch student categorical funds in any manner except as a bonus to the salary of classroom teachers.

**(iii)** The school district shall include with its comprehensive school improvement plan a written detailed statement concerning how the school district will use its excess national school lunch categorical funds each school year and explaining in detail the amount of funds and percent of total funds to be used to supplement all classroom teacher salaries as allowed in subdivision (b)(4)(C)(ii) of this section.

**(iv) (a)** Upon review of the school district's comprehensive school improvement plan, if the Commissioner of Education determines that the school district has met the needs of students in the school district for whom the funding for additional educational categories this subsection (b) is provided, has met the requirements of subdivisions (b)(4)(C)(ii) and (iii) of this section, and has prudently managed its resources, the commissioner shall give written approval of the detailed planned flexible use of excess national school lunch student categorical funds provided to the school district.

**(b)** The school district shall not use its excess national school lunch categorical funds for classroom teacher salaries as provided in subdivision (b)(4)(C)(ii) of this section unless:

**(1)** The commissioner provides the written approval required under subdivision (b)(4)(C)(iv)(a) of this section; and

**(2)** Funds allocated under this subdivision (b)(4) are available.

**(v)** The excess national school lunch student categorical funds used to supplement the salary of a classroom teacher shall only be used as a nonrecurring bonus to a classroom teacher's salary for any given school year and shall not be considered a permanent obligation under the school district's teacher salary schedule or as contract obligations of any classroom teacher or employee of the school district.

**(vi)** Notwithstanding any other provision of law, if the Department of Education determines that a school district's expenditure of funds allocated under this subdivision (b)(4) would result in the school district's losing funding under any federal law, then the funds allocated to a school district under this subdivision (b)(4) may be expended for other academic programs or salaries.

**(vii)** The Department of Education may direct that a school district expend available funds on specified programs under subdivision (b)(4)(C)(i) of this section.

**(viii) (a)** By the end of each school year, each school district shall submit to the Department of Education a report listing each program upon which funds allocated under this subdivision (b)(4) were expended, the amount expended, and any other information required by the Department of Education on the use of funds allocated under this subdivision (b)(4).

**(b)** The Department of Education shall develop appropriate reporting forms for use by school districts to comply with subdivision (b)(4)(C)(viii) of this section.

**(ix)** Beginning with the 2007-2008 school year and each school year thereafter, any school district that used or applied restricted national school lunch student categorical funds as a supplement for salaries of classroom teachers in a school district during the 2006-2007 school year under former § [6-20-2305](#) (b)(4)(C)(i)(b) [repealed] shall either:

**(a)** Remove the use of all national school lunch student categorical funds immediately as a supplement to classroom teacher salaries; or

**(b)** Begin the process of removing the use or application of national school lunch student categorical funds as part of an obligated salary schedule in the following manner:

**(1)** A school district shall reduce each current school year by twenty percent (20%) the amount of national school lunch student categorical funds received and used by the school district as a supplement to classroom teacher salaries and shall continue this reduction in the application of national school lunch student categorical funds as a supplement to classroom teacher salaries until the school district has no more than twenty percent (20%) of the total of any current year of all national school lunch student categorical funds received by a school district applied and used as a supplement to classroom teacher salaries for a current school year;

**(2)** No school district shall be allowed to use or consider reserve or carry forward national school lunch student categorical funds as a supplement to classroom teacher salaries;

**(3)** The school district shall meet the minimum teacher salary schedule under § [6-17-2403](#) without using national school lunch student categorical funds;

**(4)** The school district shall comply with the Standards for Accreditation of Arkansas Public Schools and School Districts established under The Quality Education Act of 2003, § [6-15-201](#) et seq., without using national school lunch categorical funds;

**(5)** The school district shall include with its comprehensive school improvement plan a written detailed narrative or plan concerning how the school district will use its excess national school lunch categorical funds each school year and explaining in detail the amount of funds and percent of total funds to be used to supplement all classroom teacher salaries as allowed in this subdivision (b)(4)(C)(ix);

**(6)** Upon review of the school district's comprehensive school improvement plan, if the commissioner determines that the school district has met or is meeting the needs of students in the school district for which the funding for additional educational categories under this subdivision (b)(4)(C)(ix) and has prudently managed its resources, the commissioner shall give written approval of the detailed planned flexible use of excess national school lunch student categorical funds provided to the school district; and

(7) Upon review of the school district's comprehensive school improvement plan and other indicators, if the commissioner determines that a school district has not met the needs of students that may be served with national school lunch student categorical funds, the commissioner may require that any and all national school lunch categorical funds dedicated for use or application in the teacher salary fund shall be removed from and not used to meet the classroom teacher salary obligation and redirected and applied to meet the needs of students in a school district.

(x) Each school district shall submit to the Department of Education a report listing each program and purpose upon which funds allocated under this subdivision (b)(4) were expended, the amount expended, and any other information required by the Department of Education concerning the receipt and use of funds allocated under this subdivision (b)(4).

(xi) No provision of subdivision (b)(4)(C)(ix) of this section shall be deemed to prohibit a school district from participating in the provisions of subdivisions (b)(4)(C)(ii)-(viii) of this section.

(xii) The Department of Education shall promulgate rules and develop appropriate reporting forms for use by school districts to comply with this subdivision (b)(4)(C).

(D) (i) By the end of each school year, each school district shall submit to the Department of Education a report listing each program upon which funds allocated under this subdivision (b)(4) were expended, the amount expended, and any other information required by the Department of Education.

(ii) The Department of Education shall develop appropriate reporting forms for use by school districts.

(5) (A) Beginning with school year 2007-2008, professional development funding shall be equal to an amount of up to fifty dollars (\$50.00) multiplied by the 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 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 and training for school bus drivers as outlined in rules promulgated by the State Board of Education.

(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 subdivision (a)(2) of this section 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 average 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 any increase resulting solely from consolidation or annexation with another school district.

**(B) (i)** 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).

**(ii) (a)** As the fourth quarter average daily membership count will not be available until the following school fiscal year, the final distribution for each school year shall include one half (1/2) of the per student foundation funding for the school district under subdivision (a)(2) of this section multiplied by the increase, if any, of the school district's quarterly average daily membership for the third quarter of the current school year over the average daily membership of the previous school year.

**(b)** As a result of calculating the distribution in subdivision (c)(2)(B)(ii)(a) of this section, either an adjustment shall be made in the initial distribution of growth funding for the school district in the following school year to be based on the actual fourth quarter growth determined in subdivision (c)(2)(A)(i)(d) or the school district shall refund the overpayment in growth funding.

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

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

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

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

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

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

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

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

(3) The school district shall maintain proper financial records in accordance with the state's school accounting manual and regulations promulgated by the State Board of Education;

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

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

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

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

(B) The records shall be kept according to law and regulations on paper or electronic forms either furnished or approved by the Department of Education.

(C) After the school term has ended, the superintendent of the school district shall:

(1) Keep the original attendance records on file for a period of three (3) school years; and

(2) Make the original attendance records available for monitoring purposes during any day of the school term for the teachers or other persons designated to keep attendance.

(g) (1) By the end of each school year, each school district shall submit to the Department of Education a report listing each program upon which funds allocated under subsection (b) of this section were expended, the amount expended, and any other information required by the Department of Education.

(2) The Department of Education shall develop appropriate reporting forms for use by school districts.

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 1; 2005, No. 2283, § 2; 2006 (1st Ex. Sess.), No. 19, § 3; 2006 (1st Ex. Sess.), No. 21, § 1; 2006 (1st Ex. Sess.), No. 30, § 1; 2006 (1st Ex. Sess.), No. 31, § 1; 2007, No. 272, §§ 3, 4, 6; 2007, No. 273, § 1; 2007, No. 461, §§ 2, 3; 2007, No. 811, § 2; 2007, No. 1590, §§ 1, 2.

**6-20-2306. Department of Education to provide funding — Adjustments for overpayments.**

(a) If the Department of Education determines that an overpayment has been made to a school district under any appropriation authorized by this subchapter, the department is authorized to:

(1) Withhold the overpayment from subsequent state funding;

(2) Transfer the amount withheld for the overpayment to the line item appropriation from which the overpayment was initially made; and

(3) Request a refund from the school district in the amount of the overpayment.

(b) The school district shall comply as directed by the department.

**History.** Acts 2003 (2nd Ex. Sess.), No. 59, § 1.

**6-20-2307. Property tax report.**

In order to provide relevant information to the General Assembly impacting the funding of public education, upon approval of the Legislative Joint Auditing Committee, the Division of Legislative Audit shall prepare a report regarding the assessment and collection of property taxes.

**History.** Acts 2007, No. 272, § 5.