

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
94th General Assembly
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As Engrossed: H3/29/23 H4/3/23
A Bill

HOUSE BILL 1689

By: Representative Cozart

For An Act To Be Entitled

AN ACT TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF 2003; TO CREATE THE COMPREHENSIVE INVESTMENT IN STUDENT ACHIEVEMENT ACT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF 2003; AND TO CREATE THE COMPREHENSIVE INVESTMENT IN STUDENT ACHIEVEMENT ACT.

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

SECTION 1. Arkansas Code § 6-20-2301 is repealed.

~~6-20-2301. Title.~~

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

SECTION 2. Arkansas Code § 6-20-2302 is repealed.

~~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) 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 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.~~

SECTION 3. Arkansas Code § 6-20-2303 is repealed.

~~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) "Alternative learning environment" means a student intervention program in compliance with § 6-48-101 et seq. that seeks to eliminate traditional barriers to learning for students;~~

~~(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 fewer 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:~~

~~(a) Reside within the boundaries of the school district;~~

~~(b) Are enrolled in a public school operated by the school district; and~~

~~(c) Are enrolled in a curriculum that fulfills the requirements established by the State Board of Education under the Standards for Accreditation of Arkansas Public Schools and School Districts;~~

~~(ii)(a) Students who reside within the boundaries of the school district but due to geographic barriers attend~~

~~school out of state under a tuition agreement.~~

~~(b) This subdivision (3)(C)(ii) shall apply even if the students enrolled in an out of state school are not enrolled in a curriculum that fulfills the requirements established by the state board under the Standards for Accreditation of Arkansas Public Schools and School Districts;~~

~~(iii) Legally transferred students living outside the school district but are:~~

~~(a) Attending a public school in the school district under a provision of this Code; and~~

~~(b) Are enrolled in a curriculum that fulfills the requirements established by the state board under the Standards for Accreditation of Arkansas Public Schools and School Districts;~~

~~(iv) Open enrollment public charter school students who are enrolled in a curriculum that fulfills the requirements established by the state board under the Standards for Accreditation of Arkansas Public Schools and School Districts;~~

~~(v) 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;~~

~~(vi) Students who are enrolled in a public school operated by the school district and who have been placed by the Department of Human Services in a licensed or approved foster home, shelter, or facility, or an exempt child welfare agency as defined under § 9-28-402, if:~~

~~(a) The student was enrolled in the school district before placement;~~

~~(b) The foster home or other placement is located within the boundaries of the school district;~~

~~(c) The juvenile division of the circuit court with jurisdiction over a dependency neglect action concerning the child has issued an order allowing the child to attend school in the school district;~~
~~or~~

~~(d) Enrollment in the school district is necessary to ensure continuity of educational services under § 9-28-113; or~~

~~(vii) Transitioning inbound children of military~~

~~families who have provisionally enrolled in a public school district under the Arkansas Military Child School Transitions Act of 2021, § 6-28-101 et seq.~~

~~(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-schooled, transitioning inbound child of a military family, or private school student 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, transitioning inbound child of a military family, or home-schooled student who is:~~

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

~~(b) Physically attending the distance learning course or courses on the campus of the public school district or open enrollment public charter school; and~~

~~(c) Provisionally enrolled in the public school district under the Arkansas Military Child School Transitions Act of 2021, § 6-28-101 et seq., as an inbound child of a military family.~~

~~(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-schooled or private school student;~~

~~(4) "Child of a military family" means the dependent child of a uniformed services member for whom the local education agency receives public funding and who is enrolled or is pre-enrolled in a public school district under the Arkansas Military Child School Transitions Act of 2021, § 6-28-101 et seq.;~~

~~(5) “Classroom teacher” means:~~

~~(A) An individual who is required to hold a teaching license from the Division of Elementary and Secondary 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;~~

~~(6) “Declining enrollment funding” means the amount of state financial aid provided to an eligible school district from funds made available for the decline in the average daily membership of the school district in the preceding school year compared to the school year before the preceding school year;~~

~~(7) “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;~~

~~(8) “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;~~

~~(9) “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;~~

~~(10) “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;~~

~~(11) “Legal revenues” means those revenues received or cash balances carried forward by a school district and used to make payments from:~~

~~(A)(i) The teachers’ salary fund, which means the set of accounts used to record the receipts and expenditures for payment of salaries for licensed personnel, licensed substitutes, tuition, and fringe benefits as defined by § 6-17-908.~~

~~(ii) Licensed 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;~~

~~(12) "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 for the tax year used in a calculation made under this subchapter;~~

~~(13) "Miscellaneous funds" means funds received by a school district;~~

~~(A) From federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, and severance taxes; and~~

~~(B) In lieu of taxes, and local sales and use taxes dedicated to education under § 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.;~~

~~(14)(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, 42 U.S.C. § 1751 et seq., as determined on October 1 of each previous school year and submitted to the Division of Elementary and Secondary Education, unless the school district is identified by the Division of Elementary and Secondary Education as participating in the special assistance certification and reimbursement alternative implemented under 42 U.S.C. § 1759a.~~

~~(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 in accordance with rules adopted by the state board.~~

~~(C) The state board may promulgate rules as necessary to meet the federal requirements under 42 U.S.C. § 1759a in order to enable the school districts and open enrollment public charter schools to fully~~

~~participate in federal and state programs;~~

~~(15) “Net revenues” means actual revenues generated from ad valorem taxes and distributed to a school district multiplied by the ratio derived from dividing the uniform rate of tax by the total millage rate of the school district;~~

~~(16) “Previous year” or “previous school year” means the school year immediately preceding the school year or fiscal year in which funds are allocated;~~

~~(17)(A) “Professional development” has the same meaning as the meaning given to the term under § 6-17-704.~~

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

~~(18) “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 Division of Elementary and Secondary Education;~~

~~(19) “Revenues” means the proceeds generated from ad valorem taxes and distributed to a school district by a county treasurer from January 1 through December 31 of the calendar year in which the school fiscal year began, including:~~

~~(A) The amount of the final distribution of ad valorem taxes to a school district as shown on the final tax settlement of the county under § 26-39-402 for the calendar year in which the school fiscal year began;~~

~~(B)(i) Delinquent ad valorem taxes distributed to a school district in the calendar year in which the school fiscal year began.~~

~~(ii) Delinquent ad valorem taxes include the penalties and interest that are distributable to a school district under existing law;~~

~~(C) The actual amount of homestead tax credit distributed to a school district in the calendar year in which the school fiscal year began;~~

~~(D) Excess commissions distributed to a school district in the calendar year in which the school fiscal year began;~~

~~(E) Interest earned on any tax funds held in trust and~~

~~distributed to a school district in the calendar year in which the school fiscal year began;~~

~~(F)—Ad valorem tax proceeds from land redemptions distributed to a school district in the calendar year in which the school fiscal year began; and~~

~~(G)—A subtraction of all costs and commissions authorized by law relating to the collection of ad valorem taxes that the county deducted from distributions to a school district in the calendar year in which the school fiscal year began;~~

~~(20)—“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;~~

~~(21)—“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;~~

~~(22)—“Special education high cost 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;~~

~~(23)—“State foundation funding aid” means the amount of state financial aid provided to a school district under § 6-20-2305(a)(1);~~

~~(24)—“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;~~

~~(25)—“Teachers of the gifted and talented” means individuals certified by the state board to teach gifted and talented students;~~

~~(26)—“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~~

~~(27)—“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.~~

SECTION 4. Arkansas Code § 6-20-2304 is repealed.

~~6-20-2304. Rules—Access to information on legislation.~~

~~(a) The State Board of Education shall have the authority, acting pursuant to its rulemaking powers, to adopt rules 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 Division of Elementary and Secondary 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.~~

SECTION 5. Arkansas Code § 6-20-2305 is repealed.

~~6-20-2305. School funding.~~

~~(a)(1)(A) For each school year, each school district shall receive state foundation funding aid computed as the foundation funding amount under subdivision (a)(2) of this section less the sum of:~~

~~(i) Ninety eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district; and~~

~~(ii) An amount of miscellaneous funds of the school district calculated under § 6-20-2308.~~

~~(B) The Division of Elementary and Secondary Education shall distribute state foundation funding aid to each school district in twelve (12) monthly payments.~~

~~(2)(A) For the 2021-2022 school year, the foundation funding amount is equal to seven thousand one hundred eighty two dollars (\$7,182)~~

~~multiplied by the school district's average daily membership for the previous school year.~~

~~(B) For the 2022-2023 school year and each school year thereafter, the foundation funding amount is equal to seven thousand four hundred thirteen dollars (\$7,413) multiplied by the school district's average daily membership for the previous school year.~~

~~(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; and~~

~~(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 subdivision (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)(i) Except as provided in subdivisions (a)(4)(C) and (D) of this section, 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 Division of Elementary and Secondary Education shall distribute to the school district the difference between:~~

~~(a) The net revenues distributed to the school district as reported under § 26-80-101(b)(4)(A)(ii) for the calendar year immediately preceding the current school year; and~~

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

~~(ii) The Division of Elementary and Secondary Education may distribute to the school district a lesser amount than required under subdivisions (a)(4)(A)(i)(a) and (b) of this section if after the lesser amount is distributed the school district will receive the foundation funding amount under this subsection.~~

~~(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 Division of Elementary and Secondary 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.~~

~~(C) The Division of Elementary and Secondary Education shall not distribute to a school district the funds under subdivision (a)(4)(A)(i) of this section if, regardless of the school district's tax collection rate, the school district's net revenues plus miscellaneous funds calculated under § 6-20-2308 meet or exceed the foundation funding amount set forth in this subsection.~~

~~(D)(i) A county treasurer shall submit annually to the Division of Elementary and Secondary Education an annual summary report of all proceeds generated from ad valorem taxes and distributed by the county to a school district for the period beginning January 1 and ending on December 31 of the preceding calendar year to verify the receipt of revenues under § 26-80-101(b)(4)(A)(ii).~~

~~(ii)(a) The Division of Elementary and Secondary Education may adjust data appropriately if it determines that irregular distributions by a county treasurer of excess commissions cause a school district's property tax collection rate from the uniform rate of tax to exceed ninety eight percent (98%).~~

~~(b) The Division of Elementary and Secondary Education may adjust the uniform rate of tax from an irregular distribution~~

~~to an amount not in excess of ninety eight percent (98%) and apply the excess distribution amount the following school year.~~

~~(iii) Evidence of overlapping revenue reporting or irregular distributions shall be provided in the form required by the Division of Elementary and Secondary Education.~~

~~(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) (6) of this section.~~

~~(2)(A)(i) For the 2021-2022 school year, alternative learning environment funding shall be four thousand seven hundred ninety four dollars (\$4,794) multiplied by the number of identified alternative learning environment students enrolled during the previous school year.~~

~~(ii) For the 2022-2023 school year, alternative learning environment funding shall be four thousand eight hundred ninety dollars (\$4,890) multiplied by the number of identified alternative learning environment students enrolled during the previous school year.~~

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

~~(B)(i)(a) Beginning with the 2020-2021 school year, secondary vocational area center funding shall be established by a tiered funding structure for distributing vocational center aid for each full-time equivalent student, as defined by the Division of Career and Technical Education.~~

~~(b) The vocational center aid under subdivision (b)(2)(B)(i)(a) of this section shall be determined by the Division of Career and Technical Education, in consultation with the Office of Skills Development, and approved by the State Board of Education.~~

~~(ii) The Division of Career and Technical Education shall promulgate rules for:~~

~~(a) A tiered system of determining the amount of vocational center aid under subdivision (b)(2)(B)(i) of this section for each secondary vocational area center; and~~

~~(b) The method of distribution of the vocational center aid under subdivision (b)(2)(B)(i) of this section.~~

~~(3)(A) For the 2021-2022 school year, funding for students who~~

~~are identified as English language learners shall be three hundred fifty-nine dollars (\$359) for each identified English language learner.~~

~~(B) Funding for English language learners shall be distributed to public 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 public 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.~~

~~(D) For the 2022-2023 school year and each school year thereafter, funding for students who are identified as English language learners shall be three hundred sixty-six dollars (\$366) for each identified English language learner.~~

~~(4)(A) Enhanced Student Achievement Funding for each identified national school lunch student shall be as follows:~~

~~(i) For a public school district in which ninety percent (90%) or more of the previous school year's enrolled students are national school lunch students, the amount of per-student Enhanced Student Achievement Funding for the 2021-2022 school year is one thousand five hundred ninety-four dollars (\$1,594) and for the 2022-2023 school year is one thousand six hundred thirteen dollars (\$1,613);~~

~~(ii) For a public school district 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, the amount of per-student Enhanced Student Achievement Funding for the 2021-2022 school year is one thousand sixty-three dollars (\$1,063) and for the 2022-2023 school year is one thousand seventy-six dollars (\$1,076); and~~

~~(iii) For a public school district in which less than seventy percent (70%) of the previous school year's enrolled students are national school lunch students, the amount of per-student Enhanced Student Achievement Funding for the 2021-2022 school year is five hundred thirty-two dollars (\$532) and for the 2022-2023 school year is five hundred thirty-eight dollars (\$538).~~

~~(B)(i)(a) Except as provided under subdivision~~

~~(b)(4)(B)(i)(c) of this section, Enhanced Student Achievement Funding under this subdivision (b)(4) shall be based on the number of national school lunch students for the immediately preceding school year determined under § 6-20-2303(14)(A).~~

~~(b) If the public school district is participating under 42 U.S.C. § 1759a, funding under this subdivision (b)(4) is based on the percentage determined in § 6-20-2303(14)(B) multiplied by the number of enrolled students for the immediately preceding school year.~~

~~(c) The per student Enhanced Student Achievement Funding for an open enrollment public charter school shall be based upon the current school year enrollment.~~

~~(1) In the initial year of operation for an open enrollment public charter school; or~~

~~(2) In a year in which an open enrollment public charter school adds a grade.~~

~~(ii)(a) If a public school district will receive in the current school year Enhanced Student Achievement Funding under subdivision (b)(4)(A) of this section that is based on a different per student amount of Enhanced Student Achievement Funding than the public school district received in the immediately preceding school year, due to a percentage change in national school lunch students, the Division of Elementary and Secondary Education shall adjust the funding to the public school district in a transitional three year period.~~

~~(b) The amount of Enhanced Student Achievement Funding under this subdivision (b)(4)(B)(ii) shall be increased or decreased in each year of a three year transition period by one third (1/3) of the difference between the amount of Enhanced Student Achievement Funding per student for the current year and the amount of Enhanced Student Achievement Funding per student for the immediately preceding year, adjusted for changes to the funding rates in subdivision (b)(4)(A) of this section.~~

~~(iii)(a) The Division of Elementary and Secondary Education shall establish rules to implement the transitional Enhanced Student Achievement Funding provided in subdivision (b)(4)(B)(ii) of this section.~~

~~(b) The rules shall include the methods of transition for a school district that:~~

~~(1) Experiences a decrease in the amount of Enhanced Student Achievement Funding per student under subdivision (b)(4)(A) of this section;~~

~~(2) Experiences an increase in the amount of Enhanced Student Achievement Funding per student under subdivision (b)(4)(A) of this section; or~~

~~(3) Within a three-year transition period, experiences both a decrease and an increase in the amount of Enhanced Student Achievement Funding per student under subdivision (b)(4)(A) of this section.~~

~~(iv) Under no circumstances shall a public school district be entitled to receive more or less Enhanced Student Achievement Funding as a result of the transitional process than the public 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 public school district's entire student population.~~

~~(v)(a) A public 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 Division of Elementary and Secondary 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 public 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 Division of Elementary and Secondary Education shall not be required to adjust or fund a public school district's national school lunch students based on the current year's number of national~~

~~school lunch students enrolled in the public school district or the average growth of students in the public school district.~~

~~(C)(i)(a) A school district shall expend funds allocated under this subdivision (b)(4) in accordance with the rules developed by the Division of Elementary and Secondary Education to provide the following supports and resources:~~

~~(1) If the school district meets the teacher compensation requirements according to the minimum salary schedule under § 6-17-2403 for teachers serving in positions required by the Standards for Accreditation of Arkansas Public Schools and School Districts without using funds provided under this subdivision (b)(4):~~

~~(A) The hiring of additional teachers for core academic subject areas, as identified in the Division of Elementary and Secondary Education Rules Governing the Arkansas Qualified Teacher Requirements, that are not required by the Standards for Accreditation of Arkansas Public Schools and School Districts;~~

~~(B) The enhancement of teacher salaries for recruitment and retention purposes;~~

~~(C) Obtaining additional compensation for teachers who assume identified leadership roles; or~~

~~(D) Additional compensation for teachers who assume additional responsibilities that support student academic achievement;~~

~~(2) Academic supports and interventions, including without limitation curriculum specialists, facilitators, tutors, dyslexia interventions, and Response to Intervention;~~

~~(3) Social, emotional, and behavioral supports;~~

~~(4) Physical and mental health resources, including without limitation personnel;~~

~~(5) Early intervention resources, including without limitation prekindergarten programs, school tutoring programs that take place before or after school, and early literacy interventions; and~~

~~(6) Access to postsecondary opportunities, including without limitation access to career coaches,~~

~~concurrent credit courses, college entrance support, and career readiness support.~~

~~(b)(1) By July 1, 2022, each public school district shall submit a three-year enhanced student achievement plan to the Division of Elementary and Secondary Education describing the school district's intended and implemented strategies to enhance student achievement and how enhanced student achievement funds will be used to support the strategies of the school district as permitted by this subdivision (b)(4) and rules promulgated by the State Board of Education.~~

~~(2) A school district shall review annually the school district's enhanced student achievement plan and shall review the progress of the school district's enhanced student achievement plan.~~

~~(3) The enhanced student achievement plan of a school district shall be updated as necessary by the school district, and amendments to the enhanced student achievement plan shall be submitted annually to the Division of Elementary and Secondary Education with the annual budget of the school district.~~

~~(4) The Division of Elementary and Secondary Education shall monitor the implementation and progress of the enhanced student achievement plan of a school district.~~

~~(5) A school district that does not demonstrate progress toward the goals of the enhanced student achievement plan of the school district for three (3) consecutive years may be subject to one (1) or more of the following:~~

~~(A) Additional monitoring by the Division of Secondary and Elementary Education;~~

~~(B) An increased level of support as provided in § 6-15-2913; or~~

~~(C) A corrective action plan that shall be developed in collaboration with the Division of Elementary and Secondary Education.~~

~~(c) The list of approved programs established before July 24, 2019, by the State Board of Education under subdivision (b)(4)(C)(i)(a) of this section shall expire on June 30, 2022.~~

~~(d) The State Board of Education shall~~

~~promulgate rules for the implementation of this subdivision (b)(4)(C)(i) that shall include without limitation:~~

~~(1) The process for submitting an enhanced student achievement plan;~~

~~(2) The process for monitoring the expenditure of funds allocated under this subdivision (b)(4); and~~

~~(3) The specific requirements, qualifications, and criteria for allowable supports and resources.~~

~~(ii)(a) A school district shall budget one hundred percent (100%) of funds allocated under this subdivision (b)(4) each year to provide the supports and resources described in subdivision (b)(4)(C)(i)(a) of this section.~~

~~(b) If a school district intends to transfer funds allocated under this subdivision (b)(4) to other programs, the school district shall provide justification for the transfer of funds to the Division of Elementary and Secondary Education.~~

~~(iii) Notwithstanding any other provision of law, if the Division of Elementary and Secondary 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.~~

~~(iv) The Division of Elementary and Secondary Education may direct that a school district expend available funds on specified programs under subdivision (b)(4)(C)(i) of this section.~~

~~(v) The Division of Elementary and Secondary Education shall develop appropriate forms for use by school districts to comply with this subdivision (b)(4)(C) and the rules of the State Board of Education.~~

~~(D)(i) The Division of Elementary and Secondary Education shall provide a report on the progress of school districts in meeting plan goals to the House Committee on Education and the Senate Committee on Education by October 1 of each odd-numbered year, beginning in 2023.~~

~~(ii) The report shall include information broken down by category as described in subdivision (b)(4)(A) of this section on:~~

~~(a) How school districts are spending funds~~

~~provided under this subdivision (b)(4), including specific programs utilized by school districts;~~

~~(b) The amount of funds transferred to another categorical fund, including an explanation of why the funds were transferred; and~~

~~(c) The analysis of student achievement data evaluated in student achievement growth models as described in § 6-15-2908 shall be expanded to include the evaluation of the best estimates of classroom, school, and school district effects on enhancing student achievement, in addition to the examination of student progress based on established value-added longitudinal calculations.~~

~~(iii) The report shall be included in the General Assembly's biennial adequacy study to evaluate the adequacy of education in the state.~~

~~(E)(i) By June 30 of each year, a school district shall spend a minimum of eighty five percent (85%) of the school district's annual funding allocation as provided under subdivision (b)(4)(C) of this section.~~

~~(ii) A school district that on June 30 of any year has an enhanced student achievement funding balance in excess of fifteen percent (15%) of the school district's current year enhanced student achievement funding allocation shall reduce its total enhanced student achievement funding balance by at least ten percent (10%) in each year that follows so that by June 30 of each year, the school district has a balance of no more than fifteen percent (15%) of the school district's current year enhanced student achievement funding allocation.~~

~~(iii)(a) Under an unusual and limited circumstance, including without limitation an increase in one time funds or an unexpected decrease in school district revenues during a given year, a school district may request that the Division of Elementary and Secondary Education waive the requirements of this subdivision (b)(4)(E).~~

~~(b) A school district seeking a waiver shall file a waiver request with the Commissioner of Elementary and Secondary Education, accompanied by a resolution adopted by the school district's board of directors, describing the unusual and limited circumstances.~~

~~(iv) The commissioner may grant a waiver request under this subdivision (b)(4)(E) for up to one (1) year if the commissioner~~

~~finds that the request is necessary based upon the unusual and limited circumstances.~~

~~(v)(a)—The Division of Elementary and Secondary Education shall monitor on a yearly basis each school district's compliance with the requirements of this subdivision (b)(4)(E).~~

~~(b)—If a school district fails to comply with the requirements of this subdivision (b)(4)(E) during a school year, the Division of Elementary and Secondary Education may in the following school year withhold from that school district's national school lunch state categorical funding allocation an amount equal to the amount required to be spent by the school district in order to be in compliance with the requirements of this subdivision (b)(4)(E).~~

~~(c)—The Division of Elementary and Secondary Education may redistribute amounts withheld under this subdivision (b)(4)(E) to other school districts entitled to receive national school lunch state categorical funding allocations.~~

~~(5)(A)—For each school year, professional development funding shall be equal to an amount of up to forty dollars and eighty cents (\$40.80) multiplied by the school district's previous school year average daily membership.~~

~~(B)—Funding for professional development for teachers in Arkansas public schools required under the Teacher Excellence and Support System, § 6-17-2801 et seq., other law or rule, or by the school district shall be used for professional development activities and materials that:~~

~~(i)—Improve the knowledge, skills, and effectiveness of teachers;~~

~~(ii)—Address the knowledge and skills of administrators and paraprofessionals concerning effective instructional strategies, methods, and skills;~~

~~(iii)—Lead to improved student academic achievement;~~
and

~~(iv)—Provide training for school bus drivers as outlined in rules promulgated by the Commission for Arkansas Public School Academic Facilities and Transportation.~~

~~(C)(i)—For the 2021-2022 school year, additional funding up to fourteen million five hundred thousand dollars (\$14,500,000) and for~~

~~the 2022-2023 school year, additional funding up to sixteen million five hundred thousand dollars (\$16,500,000), provided for professional development above the amount in subdivision (b)(5)(A) of this section shall be used by the Division of Elementary and Secondary Education for the development and administration of professional learning communities for the benefit of public school districts.~~

~~(ii)(a) The Division of Elementary and Secondary Education shall promulgate rules to administer the additional professional development funding under subdivision (b)(5)(C)(i) of this section.~~

~~(b) The Division of Elementary and Secondary Education may partner with or choose a person, firm, corporation, or education service cooperative to provide the knowledge, skills, experience, and expertise for the development of a research-based process for the implementation of professional learning communities.~~

~~(6)(A)(i) Beginning with the 2021-2022 school year, for school districts identified by the Division of Elementary and Secondary Education as having an average annual teacher salary below the statewide target average annual salary, teacher salary equalization funding shall be equal to one hundred eighty five dollars (\$185) multiplied by the average daily membership of the school district for the previous school year.~~

~~(ii) For the 2021-2022 and 2022-2023 school years, the statewide target average annual salary shall be fifty one thousand eight hundred twenty two dollars (\$51,822).~~

~~(iii) The House Committee on Education and the Senate Committee on Education shall set jointly the statewide target average annual salary for the 2023-2024 and 2024-2025 school years, and each biennium thereafter, as part of the adequacy review process required under § 10-3-2102.~~

~~(B)(i) On or before October 31 of each year, the Division of Elementary and Secondary Education shall determine if a school district is eligible to receive teacher salary equalization funds by reviewing certified salary data submitted by the school district for the immediately preceding fiscal year.~~

~~(ii) A school district with an average annual teacher salary meeting or exceeding the statewide target average annual~~

~~teacher salary for the year is ineligible to receive teacher salary equalization funds exceeding the amount received by the school district in the previous year.~~

~~(iii) A school district that receives funds from the Educator Compensation Reform Fund is ineligible to receive teacher salary equalization funds for the year in which the school district receives funds from the Educator Compensation Reform Fund.~~

~~(iv) A school district shall continue to receive teacher salary equalization funds in the same amount as the preceding fiscal year in addition to the amount eligible for the current fiscal year.~~

~~(G) Teacher salary equalization funding provided to a school district under this subchapter shall be expended only for teacher salaries and benefits.~~

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

~~(1) Isolated funding and special education high-cost 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) Student growth funding is calculated as the sum of the following amounts:~~

~~(A) One fourth ($\frac{1}{4}$) 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:~~

~~(i) The school district's quarterly average daily membership for the fourth quarter of the previous school year over the average daily membership in the year before the fourth quarter;~~

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

~~(iii) 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; and~~

~~(iv) 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) Excluding any increase resulting solely from consolidation or annexation with another school district; and~~

~~(C) If net revenues minus any recoupment under subdivision (a)(4)(B) of this section plus miscellaneous funds calculated under § 6-20-2308(b)(1)(A) exceed the foundation funding amount, a school district shall be eligible to receive the amount of calculated student growth funding that exceeds net revenues minus any recoupment under subdivision (a)(4)(B) of this section plus miscellaneous funds calculated under § 6-20-2308(b)(1)(A).~~

~~(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)(1) Funds distributed to school districts under subsection (b) of this section shall be expended on:~~

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

~~(B) 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~~

~~(C) If the Division of Elementary and Secondary 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 Division of Elementary and Secondary Education.~~

~~(2) On June 30, 2012, and on June 30 of each school year thereafter, if the total aggregate balance of all state categorical fund sources exceeds twenty percent (20%) of the school district's total aggregate annual state categorical fund allocations for the current school year, the school district shall reduce the total balance by ten percent (10%) each year until the school district's June 30 balance of aggregate annual categorical fund sources is twenty percent (20%) or less of the total aggregate annual state categorical fund allocations for the current school year.~~

~~(3) A school district may transfer funds received from any categorical fund source to another categorical fund source.~~

~~(4)(A) The Division of Elementary and Secondary Education shall monitor on a yearly basis each school district's compliance with the~~

~~requirements of this subsection.~~

~~(B) If a school district fails to comply with the requirements of this subsection during a school year, the Division of Elementary and Secondary Education may in the following school year withhold from that school district's categorical funding allocation an amount equal to the amount required to be spent by the school district in order to be in compliance with the requirements of this subsection.~~

~~(C) The Division of Elementary and Secondary Education may redistribute amounts withheld under this subsection to other school districts entitled to receive categorical funding allocations.~~

~~(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 Division of Elementary and Secondary 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 rules 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 licensed 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 rules on paper or electronic forms either furnished or approved by the Division of Elementary and Secondary Education.~~

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

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

~~(ii) 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 Division of Elementary and Secondary 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 Division of Elementary and Secondary Education.~~

~~(2) The Division of Elementary and Secondary Education shall develop appropriate reporting forms for use by school districts.~~

SECTION 6. Arkansas Code § 6-20-2306 is repealed.

~~6-20-2306. Division of Elementary and Secondary Education to provide funding—Adjustments for overpayments.~~

~~(a) If the Division of Elementary and Secondary Education determines that an overpayment has been made to a school district under any appropriation authorized by this subchapter, the division may:~~

~~(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; or~~

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

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

SECTION 7. Arkansas Code § 6-20-2307 is repealed.

~~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, Arkansas Legislative Audit shall prepare a report regarding the assessment and collection of property taxes.~~

SECTION 8. Arkansas Code § 6-20-2308 is repealed.

~~6-20-2308. Calculation of miscellaneous funds.~~

~~(a) For the purpose of making an initial calculation of state~~

~~foundation funding aid, the Division of Elementary and Secondary Education shall calculate the miscellaneous funds of a school district as:~~

~~(1) The aggregate amount of miscellaneous funds a school district received in the calendar year immediately preceding the beginning of the current school fiscal year; multiplied by~~

~~(2) The ratio of the uniform rate of tax to the school district's total millage rate in effect as of January 1 of the calendar year in which the school district received the miscellaneous funds.~~

~~(b)(1) Except as provided under subdivision (b)(2) of this section, for a school district that receives state foundation funding aid and receives an aggregate amount of miscellaneous funds during the calendar year in which the current school fiscal year began that is less than the aggregate amount of miscellaneous funds the school district received in the calendar year immediately preceding the beginning of the current school fiscal year, by the end of the school fiscal year the division shall distribute to the school district an amount equal to the difference between:~~

~~(A) The amount of miscellaneous funds calculated for the calendar year in which the current school fiscal year began; and~~

~~(B) The amount of miscellaneous funds calculated for the calendar year immediately preceding the beginning of the current school fiscal year.~~

~~(2) The sum of the following amounts shall not exceed the foundation funding amount under § 6-20-2305(a)(2):~~

~~(A) State foundation funding aid for the current school fiscal year;~~

~~(B) The school district's miscellaneous funds calculated for the calendar year in which the school fiscal year began;~~

~~(C) Ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district;~~

~~(D) A distribution under subdivision (b)(1) of this section; and~~

~~(E) A distribution or recoupment under § 6-20-2305(a)(4).~~

~~(c)(1) Beginning with the 2014-2015 school fiscal year, the division shall recoup an overpayment of state funding under the authority provided by § 6-20-2306 for a school district that receives:~~

~~(A) State foundation funding aid; and~~

~~(B) An aggregate amount of miscellaneous funds for the calendar year in which the current school fiscal year began that is greater than the aggregate amount of miscellaneous funds it received in the calendar year immediately preceding the beginning of the current school fiscal year.~~

~~(2) The division shall recoup from the school district an amount equal to the difference between:~~

~~(A) The amount of miscellaneous funds calculated for the calendar year in which the current school fiscal year began; and~~

~~(B) The amount of miscellaneous funds calculated for the calendar year immediately preceding the beginning of the current school fiscal year.~~

~~(3) A recoupment from a school district under this subsection shall not exceed the amount of state foundation funding aid distributed to the school district for the school fiscal year on which the recoupment is based.~~

SECTION 9. Arkansas Code Title 6, Chapter 20, is amended to add an additional subchapter to read as follows:

Subchapter 27 – Comprehensive Investment in Student Achievement Act

6-20-2701. Title.

This act shall be known and may be cited as the "Comprehensive Investment in Student Achievement Act".

6-20-2702. Legislative findings and intent.

(a) The General Assembly finds that:

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

(2) 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;

(3) Because of the decision of the 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;

(4) A suitable and efficient system of public education should:

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

(B) Ensure that each school-age child who attends a public school attends a public school that offers a competitive minimum salary for classroom teachers;

(C) Ensure that:

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

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

(b) Mathematics skills; and

(c) Science and social studies disciplines;

and

(ii) The level of competence under subdivision (a)(4)(C)(i) of this section evolves over time to higher levels;

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

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

(F) Recognize that graduating from high school requires that the students and their parents, legal guardians, and persons standing in loco parentis to the students work hard and assume appropriate responsibility for the students' success or failure; and

(G) 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;

(5) Arkansas recognizes that it is in the best interest of this state to provide a free public education system for all students;

(6) A free public education system must be supported by a state education funding formula that is based on accountability, transparency,

growth, and flexibility; and

(7) The provision of a free public education system that is rooted in an accountable, transparent, growth-based, and flexible funding formula ensures that:

(A) Every public school student in the state receives the resources they need;

(B) Every dollar maximizes the impact of the resources needed by each public school student in the state;

(C) Decisions are strategically made at the local level by public school districts and open-enrollment public charter schools;

(D) Parents, legal guardians, and persons standing in loco parentis to students are informed; and

(E) The public understands the state's public education system.

(b) The General Assembly declares that:

(1) The creation of a new formula for funding a free public education system in the State of Arkansas is warranted, and this funding formula must be designed to support the:

(A) Empowerment of each student to read proficiently by grade three (3) and each grade thereafter;

(B) Preparation of each high school graduate to succeed in the postsecondary program or career of each high school graduate's choice; and

(C) Provision of the resources needed by each student in the State of Arkansas to succeed, regardless of the student's individual circumstances;

(2) The funding formula is intended to be a funding plan and not a spending plan;

(3) The foundation funding amount included in the funding formula includes funding for:

(A) Instructional supports, including without limitation salaries for public school:

(i) Classroom teachers;

(ii) Principals and assistant principals;

(iii) Art, music, and physical education teachers in elementary schools;

(iv) Counselors;

(v) Social workers;

(vi) Psychologists;

(vii) Librarians;

(viii) Nurses;

(ix) Secretaries; and

(x) Substitute teachers;

(B) The following for teachers:

(i) Duty-free lunches;

(ii) Interventions; and

(iii) Professional development;

(C) Materials and supplies, including without limitation:

(i) Textbooks;

(ii) Technology;

(iii) Instructional and noninstructional equipment;

and

(iv) Classroom-related travel;

(D) Operational expenses, including without limitation expenses for:

(i) Maintenance;

(ii) Transportation;

(iii) School safety;

(iv) Coordinated school health programs;

(v) Family resource centers;

(vi) Alternative schools; and

(vii) Custodians; and

(E) Support systems, including without limitation:

(i) Superintendents of public school districts;

(ii) Technology directors;

(iii) Administrative assistant support; and

(iv) Public school district-wide instructional

supervisors; and

(4) 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.

6-20-2703. Public School Fund.

(a) The Public School Fund consists of all funds:

(1) Appropriated to or allocated from the Treasurer of State for the operation and maintenance of public schools in this state; and

(2) That may derive from any state or local taxes, the proceeds of which are devoted to public school purposes.

(b) The Public School Fund shall be administered and distributed in accordance with this subchapter or, if not controlled by the provisions of this subchapter, then in accordance with the provisions of general appropriations, as applicable.

(c) Notwithstanding any law to the contrary, the changes in education funding implemented by this subchapter shall be subject to and implemented only in accordance with funding as approved by the General Assembly.

6-20-2704. Definitions.

As used in this subchapter:

(1)(A) "Average daily membership" means the sum of the total number of days in which a public school student is enrolled in a public school divided by the number of days that school is in session during an established period of the current school year.

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

(i) Kindergarten through grade twelve (K-12) students who reside in the State of Arkansas and who:

(a) Reside within the boundaries of a public school district;

(b) Are enrolled in a public school operated by a public school district; and

(c) Are enrolled in a curriculum that fulfills the requirements established by the State Board of Education under the Standards for Accreditation of Arkansas Public Schools and School Districts;

(ii) Legally transferred students living outside a public school district but are:

(a) Attending a public school in a school district under a provision of state law; and

(b) Are enrolled in a curriculum that fulfills

the requirements established by the state board under the Standards for Accreditation of Arkansas Public Schools and School Districts;

(iii) Open-enrollment public charter school students who are enrolled in a curriculum that fulfills the requirements established by the state board under the Standards for Accreditation of Arkansas Public Schools and School Districts;

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

(v) Students who are enrolled in a public school operated by a school district and who have been placed by the Department of Human Services in a licensed or approved foster home, shelter, or facility, or an exempt child welfare agency as defined under § 9-28-402, if:

(a) The student was enrolled in the public school district before placement;

(b) The foster home or other placement is located within the boundaries of the public school district;

(c) The juvenile division of the circuit court with jurisdiction over a dependency-neglect action concerning the student has issued an order allowing the student to attend a public school in the public school district; or

(d) Enrollment in the public school district is necessary to ensure continuity of educational services under § 9-28-113; or

(vi) Transitioning inbound children of military families who have provisionally enrolled in a public school district under the Arkansas Military Child School Transitions Act of 2021, § 6-28-101 et seq.

(C)(i) Except for those circumstances otherwise allowed by law or rule, a student who is absent from daily attendance for more than ten (10) consecutive school days shall be dropped from the attendance records of the public school.

(ii) A student who fails to attend a public school by the tenth regular school day of the semester shall be retroactively dropped from the first day of the school semester for purposes of calculating

attendance totals;

(2) "Career and technical program" means a coordinated, non-duplicative sequence of academic and technical content that:

(A) Incorporates challenging state academic standards;

(B) Addresses academic and technological knowledge and skills, including employability skills;

(C) Is aligned with the needs of industries in the economy of the state, region, or local area;

(D) Progresses in degree of specificity, beginning with all aspects of an industry or career cluster and leading to more occupation-specific instruction, including early postsecondary instruction;

(E) Has multiple entry and exit points that incorporate credentialing; and

(F) Culminates in the attainment of a recognized credential;

(3) "Comprehensive assessment program" means the statewide student assessment system implemented and administered under § 6-15-2907;

(4) "Concentrated poverty" means that a student is a member in a public school that is eligible for Title I school-wide designation;

(5) "Direct allocation" means an allocation that is in addition to the foundation funding amount for a public school student and is expressed as a flat-dollar amount;

(6) "Distribution period" means the period for which the Division of Elementary and Secondary Education distributes funds;

(7)(A) "Economically disadvantaged student" means a student 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, 42 U.S.C. § 1751 et seq., as it existed on January 1, 2023, and as determined on October 1 of each school year and submitted to the division, unless a public school is identified by the division as participating in the special assistance certification and reimbursement alternative implemented under 42 U.S.C. § 1759a, as it existed on January 1, 2023.

(B)(i) If a public school is participating in the special assistance certification and reimbursement alternative under 42 U.S.C. § 1759a, as it existed on January 1, 2023, then, for purposes of funding under

this subchapter, the public school's annual percentage of economically disadvantaged 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 in accordance with rules adopted by the state board.

(ii) The state board may promulgate rules necessary to meet the federal requirements under 42 U.S.C. § 1759a, as it existed on January 1, 2023, in order to enable a public school to fully participate in federal and state programs;

(8) "English-language learner" means a student identified by the State Board of Education 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 measure oral, reading, and writing proficiency;

(9) "Existing educator" means a kindergarten through grade twelve (K-12) classroom teacher who provides direct service to public school students at a public school;

(10)(A) "Foundation funding amount" means the uniform dollar amount that each public school student generates towards the public school student's funding allocation in a given year.

(B) "Foundation funding amount" includes:

(i) The foundation funding allocations that a public school received in the 2022-2023 school year; and

(ii) Other fund sources identified by the House Committee on Education and Senate Committee on Education, with assistance from the Division of Elementary and Secondary Education, during the 2024 biennial adequacy review study under § 10-3-2101 et seq.;

(11) "Local contribution" means the dollar amount of the uniform tax rate of twenty-five (25) mills that a local government is required to pay toward the local share of public school funds;

(12) "Membership" means the total number of kindergarten through grade twelve (K-12) students who are:

(A) Enrolled in a public school in the State of Arkansas;

and

(B) Arkansas residents;

(13) "Miscellaneous funds" means funds received by a school district:

(A) From federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, and severance taxes; and

(B) In lieu of taxes, and local sales and use taxes dedicated to education under § 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.;

(14) "Postsecondary readiness assessment" means the assessment required under § 6-15-2907;

(15) "Public school" means:

(A) A public school or public school district; or

(B) An open-enrollment public charter school;

(16) "Small district" means a public school district with a membership between three hundred fifty-one (351) and five hundred (500) students;

(17) "Sparse district" means a traditional public school district in which there are between one and fifty-one hundredths (1.51) and two (2) students per average daily membership per square mile in the public school district;

(18)(A) "Unique learning need" means a learning need for which a public school must provide an enrolled student individualized services, interventions, accommodations, or modifications:

(i) To meet the student's need under the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on January 1, 2023;

(ii) For purposes of a program for an English-language learner;

(iii) That are documented in a written plan and provided in accordance with the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on January 1, 2023; or

(iv) That are established and categorized into up to ten (10) levels by the Division of Elementary and Secondary Education, as provided in rules promulgated by the Division of Elementary and Secondary Education, and based on the level of additional resources necessary to manage a unique learning need.

(B) "Unique learning need" includes without limitation:

- (i) A developmental or intellectual disability;
- (ii) Characteristics of dyslexia;
- (iii) Giftedness; and
- (iv) Limited English language proficiency.

(C) A student may have one (1) or more unique learning needs, including without limitation multiple unique learning needs of different levels or of the same level as established in division rules under subdivision (16)(A)(iv) of this section;

(19) "Very small district" means a traditional public school district with a membership of three hundred fifty (350) or fewer students;

(20) "Very sparse district" means a traditional public school district in which there are fewer than one and five-tenths (1.5) students per average daily membership per square mile in the public school district; and

(21) "Weighted allocation" means an allocation in addition to the foundation funding amount for a student that is expressed as a percentage of the foundation funding amount.

6-20-2705. Program established.

(a)(1) There is created the Comprehensive Investment in Student Achievement Program.

(2) The program shall include a student-based funding formula, which shall serve as the system for funding kindergarten through grade twelve (K-12) education in public schools.

(b) The program is established to support the:

(1) Empowerment of each student to read proficiently by grade three (3) and each grade thereafter;

(2) Preparation of each high school graduate to succeed in the postsecondary program or career of each high school graduate's choice; and

(3) Provision of the resources needed by each student in the State of Arkansas to succeed, regardless of the student's individual circumstances.

(c)(1) The Division of Elementary and Secondary Education shall implement the program beginning with the 2025-2026 school year.

(2) Public school funding shall be allocated in accordance with this subchapter and with rules promulgated by the division.

(d) By August 1, 2025, and annually on July 1 each year thereafter,

the division shall create and publish a program guide that outlines the division's procedures for administering the program and that shall:

(1) Identify the data that the division receives from each public school for purposes of administering the program;

(2) Explain how and when the data identified under subdivision (d)(1) of this section shall be submitted to the division;

(3) Explain how a public school may dispute an alleged error in an allocation made to the public school; and

(4) Identify each public school that qualifies as a small district, sparse district, very small district, or very sparse district as defined by § 6-20-2704.

6-20-2706. Foundation funding amount – Weighted allocation – Direct allocation.

(a) Each student shall generate a funding allocation that includes the following:

(1) The foundation funding amount;

(2) Weighted allocations for which an individual student satisfies criteria established by subsection (b) of this section; and

(3) Direct allocations for which an individual student satisfies criteria established by subsection (c) of this section.

(b)(1) A student shall generate weighted allocations, none of which are mutually exclusive of the others.

(2) During each biennial adequacy review process under § 10-3-2101 et seq., the House Committee on Education and the Senate Committee on Education shall determine the tiered weighted allocations for each student who:

(A)(i) Is economically disadvantaged.

(ii) However, the weighted allocation for a student under subdivision (b)(2)(A)(i) of this section shall not be less than the current rate of twelve percent (12%) for a free or reduced-price lunch student;

(B)(i) Experiences concentrated poverty.

(ii) However, the weighted allocation for a student under subdivision (b)(2)(B)(i) of this section shall not be less than five percent (5%) of the foundation funding amount;

(C)(i) Resides in a small district.

(ii) However, the weighted allocation for a student under subdivision (b)(2)(C)(i) of this section shall not be less than ten percent (10%) of the foundation funding amount;

(D)(i) Resides in a very small district.

(ii) However, the weighted allocation for a student under subdivision (b)(2)(D)(i) of this section shall not be less than twenty percent (20%) of the foundation funding amount;

(E)(i) Resides in a sparse district.

(ii) However, the weighted allocation for a student under subdivision (b)(2)(E)(i) of this section shall not be less than ten percent (10%) of the foundation funding amount; and

(F)(i) Resides in a very sparse district.

(ii) However, the weighted allocation for a student under subdivision (b)(2)(F)(i) of this section shall not be less than twenty percent (20%) of the foundation funding amount.

(3)(A) The Division of Elementary and Secondary Education shall promulgate rules to establish and categorize unique learning needs into up to ten (10) levels that are based on the additional resources required to support each unique learning need.

(B)(i) Before the division establishes and categorizes unique learning needs as required under subdivision (b)(3)(A) of this section, the division shall submit the proposed categorizations to the State Board of Education, which shall then issue a positive, neutral, or negative recommendation for the proposed categorizations.

(ii) The state board's recommendation for the proposed categorizations under subdivision (b)(3)(B)(i) of this section shall be included in the division's filing of the rules required under subdivision (b)(3)(A) of this section with the Rules Committee of the Senate and Rules Committee of the House of Representatives in conformance with § 10-3-309.

(c)(1) During each biennial adequacy review process under § 10-3-2101 et seq., the House Committee on Education and the Senate Committee on Education shall determine the direct allocation amounts that are generated for the following students:

(A) A rising fourth grade student who is determined to not be proficient in English language arts based on the student's achieving a

performance level rating of the two (2) lowest performance categories on the English language arts portion of the student's most recent comprehensive assessment program;

(B)(i) A student who is assigned to a career and technical program.

(ii) The direct allocation amounts for a student who qualifies under subdivision (c)(1)(B)(i) of this section shall be based on the designation of each student according to the number of years in which the student has been assigned to the career and technical program;

(C) A student who is in grades eleven (11) or twelve (12) in a public high school and who has not previously taken the ACT assessment;

(D) A student who is in grades eleven (11) or twelve (12) in a public high school and who has previously taken the ACT assessment only one (1) time;

(E) A student in kindergarten through grade three (K-3);
and

(F) A student who attends an open-enrollment public charter school.

(2)(A)(i) The direct allocation funding a student generates under this subsection (c) shall be administered and allocated by the division to the public school in which the student is a member for the duration of the student's membership in the public school.

(ii) However, the direct allocation funding a student generates under subdivisions (c)(1)(C) and (c)(1)(D) of this section shall not be allocated to the public school in which the student is a member, but shall be maintained by the division.

(B)(i) A student's membership in a public school begins on the first day of the student's membership and ends on the last day of the student's membership.

(ii) However, a student shall not generate more than one (1) average daily membership in a single school year.

(d)(1) A portion of any annual increase in the foundation funding amount may be restricted by the General Assembly for the sole purpose of providing salary increases for existing educators.

(2) If a portion of an annual increase in the foundation funding amount is restricted under subdivision (d)(1) of this section, then a public

school shall use the restricted portion of the foundation funding amount to provide salary increases to existing educators employed by the public school.

(e) Funding allocations under this section shall be based on:

(1) Data collected for a public school during cycle six (6) of the first three (3) quarters of the current school year; and

(2) The annual report of ad valorem tax revenues disbursed to public school districts by counties.

6-20-2707. Student outcome incentives.

(a)(1) Subject to appropriation, the Division of Elementary and Secondary Education shall allocate student-generated outcome incentive dollars to a public school based on the achievement of membership in the public school.

(2) The following categories students shall each generate outcome incentive dollars at two (2) times the rate of students who do not qualify under this subdivision (a)(2):

(A) Economically disadvantaged students;

(B) Students identified by the State Board of Education as not proficient in the English language based upon approved English language proficiency assessment instruments administered annually in the fall of the current school year, including oral, reading, and writing proficiency assessments; and

(C) Students evaluated in accordance with the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on January 1, 2023, as having intellectual disabilities, hearing impairments, visual impairments, emotional disturbances, orthopedic impairments, autism, traumatic brain injuries, specific learning disabilities, deaf-blindness, other health impairments, or multiple disabilities and who, by reason thereof, need special education and related services.

(b)(1) A public school may receive student-generated outcome incentive dollars if the membership of the public schools achieve the outcome goals established by the division.

(2)(A) Before the division promulgates rules establishing outcome goals under subdivision (b)(1) of this section, the division shall submit the proposed outcome goals to the state board, which shall issue a positive, neutral, or negative recommendation for the proposed outcome goals.

(B) The state board's recommendation for the proposed outcome goals submitted by the division shall be included in the division's filing of the rule with the Rules Committee of the Senate and the Rules Committee of the House of Representatives in conformance with § 10-3-309.

(c) The division shall allocate available appropriations for student-generated outcome incentive dollars to public schools in direct proportion to the number of outcome incentive dollars generated by the membership of each public school, relative to the total number of outcome incentive dollars generated by all Arkansas public school students.

(d) Funds allocated under subsections (a)-(c) of this section shall be based on the data collected for a public school during the immediately preceding school year.

(e) Funds allocated under this section that remain unexpended at the end of a fiscal year shall not revert to the general fund, but shall be used to supplement future allocations of student-generated outcome incentive dollars under this section.

(f)(1) The Commissioner of Elementary and Secondary Education shall convene a group of individuals with relevant experience or expertise to advise him or her regarding outcome incentive dollars and outcome goals.

(2) The group required under subdivision (f)(1) of this section shall include:

(A)(i) Three (3) superintendents or directors of public schools, as applicable.

(ii) One (1) individual selected under subdivision (f)(2)(A)(i) of this section shall be from a public school located in:

(a) An urban area in this state;

(b) A suburban area in this state; and

(c) A rural area in this state;

(B) One (1) existing educator;

(C) The:

(i) Chair of the House Committee on Education; and

(ii) Chair of the Senate Committee on Education;

(D) The Chair of the State Board of Education;

(E) One (1) parent of a student enrolled in an Arkansas public school;

(F) One (1) individual who is a bona fide resident of the

State of Arkansas;

(G) One (1) private business leader in this state; and

(H) One (1) member of a public school district board of directors from a public school district in this state.

6-20-2708. Additional funding – Professional development.

(a) For each school year, additional funding provided for public school district professional development shall be used by the Division of Elementary and Secondary Education for the development and administration of professional learning communities for the benefit of public school districts.

(b)(1) The division shall promulgate rules to administer the additional public school district professional development funding under subsection (a) of this section.

(2) The division may partner with or choose a person, firm, corporation, or education service cooperative to provide the knowledge, skills, experience, and expertise for the development of a research-based process for the implementation of professional learning communities.

6-20-2709. Secondary vocational area center funding.

(a) For each school year, secondary vocational area center funding shall be established by a tiered funding structure for purposes of distribution for each full-time equivalent student, as defined by the Division of Career and Technical Education.

(b) The secondary vocational area center funding under this section shall be determined by the division, in consultation with the Office of Skills Development and as approved by the State Board of Education.

(c) The division shall promulgate rules for:

(1) A tiered system of determining the amount of secondary vocational area center funding under this section; and

(2) The method of distribution of the secondary vocational area center funding under this section.

6-20-2710. Distribution of funds.

(a) The Commissioner of Elementary and Secondary Education and each local government shall distributed allocated education funding periodically

throughout the school year according to a schedule established by the Division of Elementary and Secondary Education, subject to any applicable restrictions under law.

(b)(1) If, during the first year of the implementation of this subchapter, a public school's allocated funds under this subchapter total less than the public school's baseline funding amount, then the division shall allocate additional funds to the public school in an amount equal to ninety percent (90%) of the difference between the public school's baseline funding amount and the public school's allocated funding amount under this subchapter.

(2) If a public school qualifies for additional funds under subdivision (b)(1) of this section and the public school's allocated funds under this subchapter during the second year of the implementation of this subchapter total less than the public school's baseline funding amount, then the division shall allocate additional funds to the public school in an amount equal to seventy-five percent (75%) of the difference between the public school's baseline funding amount and the public school's allocated funding amount under this subchapter.

(3) If a public school qualifies for additional funds under subdivisions (b)(1) and (2) of this section and the public school's allocated funds under this subchapter during the third year of the implementation of this subchapter total less than the public school's baseline funding amount, then the division shall allocate additional funds to the public school in an amount equal to fifty percent (50%) of the difference between the public school's baseline funding amount and the public school's allocated funding amount under this subchapter.

(4) If a public school qualifies for additional funds under subdivisions (b)(1)-(3) of this section and the public school's allocated funds under this subchapter during the fourth year of the implementation of this subchapter total less than the public school's baseline funding amount, then the division shall allocate additional funds to the public school in an amount equal to twenty-five percent (25%) of the difference between the public school's baseline funding amount and the public school's allocated funding amount under this subchapter.

(c)(1) A public school's allocated funding under this subchapter shall not decrease more than five percent (5%) from one (1) school year to the next

school year.

(2)(A) If a public school's allocated funding under this subchapter decreases by more than five percent (5%) from the public schools allocated funding under this subchapter during the previous school year, then the division shall allocate additional funds to the public school in an amount such that the decrease in the public school's allocated funds for the current school year is only five percent (5%).

(B) However, the division shall not allocate additional funds to a public school under subdivision (c)(2)(A) of this section if the division is required to allocate additional funds to the public school as required under subsection (b) of this section.

(d) Before a full and complete settlement is made with a public school, the public school shall file all required records and reports with the division.

(e)(1) Except as provided under subdivision (e)(2) of this section, monthly installments of funds allocated under this section shall be based on the prior-year three-quarter average daily membership data until the current year Cycle 3 data is available.

(2) Monthly installments of funds allocated under this section for a newly opened open-enrollment public charter school shall be based on an enrollment estimated provided to the division by the newly opened open-enrollment public charter school by June 15 prior to the beginning of the upcoming school year.

(3) Estimates for funds allocated under this section shall be updated to reflect Cycle 3 data for purposes of making monthly installments of funds allocated under this section.

(4)(A) Final allocations of funds allocated under this section shall be updated to reflect Cycle 6 data.

(B) Any remaining monthly installments of funds allocated under this section shall be updated based on the final funding allocations determined under subdivision (e)(4)(A) of this section.

6-20-2711. State and local contributions – Determination of fiscal capacity.

(a) It is the intent of the General Assembly to provide funding on a fair and equitable basis by recognizing the differences in the ability of

local jurisdictions to raise local revenues.

(b) The Division of Elementary and Secondary Education shall provide:

(1)(A) The remainder of the total funds necessary for the foundation allocation amount and weighted allocation generated by members of public schools, after each local public school district's uniform rate of tax and miscellaneous funds are applied.

(B) The division shall continue to fund any public school up to ninety-eight percent (98%) of the uniform rate of tax if local tax collections fall below ninety-eight percent (98%) of the uniform rate of tax; and

(2) One hundred percent (100%) of:

(A) The total direct allocation amounts as determined by the House Committee on Education and the Senate Committee on Education under § 6-20-2706(c); and

(B) The total amount of student-generated outcome incentive dollars as determined by the division under § 6-20-2707.

(c) The local share shall be paid with local government funds, which shall include the amount generated from the uniform rate of ad valorem property tax of twenty-five (25) mills as required under Arkansas Constitution, Article 4, § 3, and any miscellaneous funds.

(d)(1) Each county's fiscal capacity shall be determined according to the fiscal capacity calculation annually by or before May 1 of the immediately preceding school year for which students generate the total funding allocation.

(2) The annual fiscal capacity calculation required under subdivision (d)(1) of this section, including the underlying data and the determination for each county, shall be publicly reported.

(3) The fiscal capacity of a county for a given school year shall not be revised after the county's fiscal capacity has been determined for that school year.

(e) This section:

(1) Shall establish the minimum education funding that a local government shall contribute; and

(2) Does not prohibit or otherwise limit a local government from contributing more than the local contribution rate required under subsection (c) of this section.

6-20-2712. Comprehensive investment in student achievement professional development series – Requirements.

(a) The Division of Elementary and Secondary Education shall create or procure, and make available at no cost to participants, a required professional development series concerning this subchapter.

(b) The professional development series required by subsection (a) of this section shall include without limitation:

(1) An in-depth explanation of this subchapter; and

(2) Instruction regarding how to:

(A) Budget to increase student achievement;

(B) Connect student achievement with investments in education; and

(C) Hold decision makers accountable for funding decisions.

(c) The division shall make the professional development series required by subsection (a) of this section available to the following individuals, upon their request:

(1) Directors and superintendents of public schools;

(2) Members of public school district boards of directors;

(3) Members of governing bodies of open-enrollment public charter schools;

(4) Members and the chair of the State Board of Education;

(5) Members of the public charter authorizing panel established within the division as required under § 6-23-701; and

(6) Employees of a public school, the division, or the state board who are responsible for developing, reviewing, or otherwise assisting the public school, the division, or the State Board of Education with its annual education budget.

(d)(1) The division shall create or procure, and make available at no cost to participants, a required professional development series for public school employees that:

(A) Is tailored to the professional duties of various types of public school employees; and

(B) Includes an overview of this subchapter and best practices regarding how public school employees can maximize budget

investments to increase student achievement through the public school employee's work.

(2) The professional development series required under subdivision (d)(1) of this section shall be available no later than January 1, 2026.

(e)(1) A professional development series created or procured under this section may be provided to participants virtually or in person at the direction of the division.

(2) The division shall make all instructional materials used as part of a professional development series created or procured under this section publicly available on the website of the division.

(f) The division shall procure any goods or services selected or approved by the division to effectuate this section competitively and in compliance with state laws and rules regarding the procurement of goods and services by state agencies, including the Arkansas Procurement Law, § 19-11-201 et seq.

6-20-2713. Accountability requirements.

(a) Each public school shall produce an accountability report that:

(1) Establishes:

(A) Goals for student achievement, including the goal of seventy percent (70%) of the public school's students in grade three (3) taking a comprehensive assessment program achieving a performance level in the top two (2) levels of the comprehensive assessment program in the current school year; and

(B) How the established goals can be met within the public school's budget; and

(2)(A) Describes how the public school's budget and expenditures for previous school years enabled the public school to make progress toward the student achievement goals established by the public school for the previous school years.

(B) However, subdivision (a)(2)(A) of this section shall not apply for the accountability report required under this subsection (a) submitted by a public school during the first year following the implementation of this subchapter.

(b)(1) The accountability report required under subsection (a) of this

section shall be presented to the public for comment before the accountability report is submitted to the Division of Elementary and Secondary Education.

(2) The accountability report required under subsection (a) of this section shall be submitted to the division by November 1, 2026 and each November 1 thereafter.

(c) Beginning with the 2026-2027 school year:

(1)(A) A public school within a public school district or a public school district that receives a "D" or "F" letter grade under § 6-15-2101 et seq. or an open-enrollment public charter school that has a less-than-satisfactory evaluation under § 6-23-404 may be required to appear for a hearing before the State Board of Education, or a committee of the state board appointed by the Chair of the State Board of Education, to report on:

(i) The performance of the public school within a public school district, public school district, or open-enrollment public charter school; and

(ii) How the spending decisions of the public school within a public school district, public school district, or open-enrollment public charter school may have affected the ability of the public school within a public school district, public school district, or open-enrollment public charter school to achieve student achievement goals and performance goals.

(B) At the conclusion of a hearing under subdivision (c)(1)(A) of this section, the state board may recommend that the division impose one (1) of the corrective actions identified under subdivision (c)(2) of this section; and

(2) The division may impose one (1) of the following corrective actions for a public school within a public school district or a public school district that receives a "D" or "F" letter grade under § 6-15-2101 et seq. or an open-enrollment public charter school that has a less-than-satisfactory evaluation under § 6-23-404:

(A)(i) Require the public school within a public school district, public school district, or open-enrollment public charter school to submit to the division for approval and implement a corrective action plan that is consistent with a corrective action plan template developed by the division.

(ii) The division shall report on the implementation of a corrective action plan as required under subdivision (c)(2)(A)(i) of this section to the state board; or

(B) Implement a required:

(i) Audit and investigation of the academic programming and spending of the public school within a public school district, public school district, or open-enrollment public charter school; and

(ii) Report regarding the outcomes of the audit and investigation conducted under subdivision (c)(2)(B)(i) of this section, which shall be submitted to the state board.

(d) The division shall:

(1) Provide information requested by the state board by the date specified by the state board in order to assist with the making of determinations necessary to implement this section; and

(2) Apportion the costs of implementing a corrective action plan imposed under subdivision (c)(2)(A) of this section between the division and the public school within a public school district, public school district, or open-enrollment public charter school on a case-by-case basis, subject to the approval of the state board.

6-20-2714. Funding – Adjustments for overpayments.

(a) If the Division of Elementary and Secondary Education determines that an overpayment has been made to a public school under any appropriation authorized by this subchapter, the division may:

(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; or

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

(b) The public school shall comply as directed by the division.

6-20-2715. Property tax report.

To provide relevant information that impacts the funding of public education to the General Assembly, upon approval of the Legislative Joint Auditing Committee, Arkansas Legislative Audit shall prepare a report

regarding the assessment and collection of property taxes.

6-20-2716. Calculation of miscellaneous funds.

(a) For the purpose of making an initial calculation of a foundation funding amount and weighted funding amount, the Division of Elementary and Secondary Education shall calculate the miscellaneous funds of a public school district as the aggregate amount of miscellaneous funds a public school district received in the calendar year immediately preceding the beginning of the current school fiscal year multiplied by the ratio of the uniform rate of tax to the public school district's total millage rate in effect as of January 1 of the calendar year in which the public school district received the miscellaneous funds.

(b)(1) Except as provided under subdivision (b)(2) of this section, for a public school district that receives foundation funding amounts and weighted funding amounts and receives an aggregate amount of miscellaneous funds during the calendar year in which the current school fiscal year began that is less than the aggregate amount of miscellaneous funds the public school district received in the calendar year immediately preceding the beginning of the current school fiscal year, by the end of the school fiscal year, the division shall distribute to the public school district an amount equal to the difference between:

(A) The amount of miscellaneous funds calculated for the calendar year in which the current school fiscal year began; and

(B) The amount of miscellaneous funds calculated for the calendar year immediately preceding the beginning of the current school fiscal year.

(2) The sum of the following amounts shall not exceed the foundation funding amount and weighted funding amount under § 6-20-2706:

(A) Foundation funding aid and weighted funding aid for the current school fiscal year;

(B) The school district's miscellaneous funds calculated for the calendar year in which the school fiscal year began;

(C) Ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district;

(D) A distribution under subdivision (b)(1) of this section; and

(E) A distribution under § 6-20-2710(b)(1).

(c)(1) The division shall recoup an overpayment of state funding under the authority provided by § 6-20-2712 for a public school district that receives:

(A) Foundation funding amounts and weighted funding amounts; and

(B) An aggregate amount of miscellaneous funds for the calendar year in which the current school fiscal year began that is greater than the aggregate amount of miscellaneous funds the public school district received in the calendar year immediately preceding the beginning of the current school fiscal year.

(2) The division shall recoup from a public school district an amount equal to the difference between:

(A) The amount of miscellaneous funds calculated for the calendar year in which the current school fiscal year began; and

(B) The amount of miscellaneous funds calculated for the calendar year immediately preceding the beginning of the current school fiscal year.

(3) A recoupment from a public school district under subdivision (c)(2) of this section shall not exceed the amount of *foundation funding and weighted funding* distributed to the public school district for the school fiscal year on which the recoupment is based.

6-20-2717. Biennial adequacy study – Additional duties.

(a) During each biennial adequacy review process, the House Committee on Education and the Senate Committee on Education shall, in addition to required duties under § 10-3-2101 et seq.:

(1) Regularly review the:

(A) Foundation funding amount as determined under § 6-20-2706;

(B) Weighted allocation amount as determined under § 6-20-2706;

(C) Direct allocation amounts as determined under § 6-20-2706; and

(D) Student outcome incentive amounts as determined under § 6-20-2707; and

(2) Identify any needed revisions, additions, or deletions to the funding amounts and requirements under this subchapter.

(b)(1) The House Committee on Education and the Senate Committee on Education, meeting jointly during a biennial adequacy review process, shall prepare a report annually on or before November 1 and provide the report to the:

(A) Governor; and

(B) State Board of Education.

(2) The report required under subdivision (b)(1) of this section shall include without limitation:

(A) Recommendations on any necessary revisions, additions, or deletions to the funding amounts and requirements under this subchapter; and

(B) An analysis of instructional salary disparity among public schools, including without limitation an analysis of disparity in benefits and other compensation among public schools.

6-20-2718. Progress Review Board.

(a) Beginning on July 1, 2026, there is created a Progress Review Board, which shall consist of:

(1) The Secretary of the Department of Education;

(2) The Commissioner of Elementary and Secondary Education, if the commissioner is an individual other than the Secretary of the Department of Education;

(3) The Chair of the State Board of Education;

(4) Two (2) members of the Senate appointed by the President Pro Tempore of the Senate; and

(5) Two (2) members of the House of Representatives appointed by the Speaker of the House of Representatives.

(b)(1) Each member of the Progress Review Board shall serve a term of two (2) years.

(2) If a member fails to meet the qualifications by which the member was initially appointed during the member's term, then the member's position on the Progress Review Board shall be vacated.

(c) The Progress Review Board shall:

(1)(A) Establish a public school's minimum goal to increase the

public school's third grade student performance rating on the comprehensive student assessment program to seventy percent (70%) of students in grade three (3) achieving the top two (2) levels of the comprehensive student assessment program, beginning with the results from the 2023-2024 comprehensive student assessment program cycle.

(B)(i) Subdivision (c)(1)(A) of this section shall not apply to a public school in which seventy percent (70%) or more of the public school's third-grade students have achieved the top two (2) levels of the comprehensive student assessment program in the most recent school year.

(ii) The Progress Review Board shall notify a public school that is exempt under subdivision (c)(1)(B)(i) of this section.

(C)(i) If a public school fails to meet the goal established for the public school under subdivision (c)(1)(A) of this section within three (3) years, then the Progress Review Board shall determine if further action is necessary based on whether the public school is taking the proper steps to achieve the established goal.

(ii)(a) If the Progress Review Board determines further action is necessary under subdivision (c)(1)(C)(i) of this section, then the progress review board shall recommend that the Secretary of the Department of Education require the appropriate designated employees of the public school to complete training, in addition to the required training for members of public school district boards of directors under § 6-13-629, regarding how to budget to increase student achievement based on the goal established for the public school under subdivision (c)(1)(A) of this section.

(b) If the Progress Review Board makes a recommendation under subdivision (c)(1)(C)(ii)(a) of this section, then the Secretary of the Department of Education may require the appropriate designated employees of the public school to complete training in addition to the required training for members of public school district boards of directors under § 6-13-629; and

(2) Annually review each accountability report submitted under § 6-20-2712 to determine if a public school is taking the proper steps to achieve the goal established for the public school under subdivision (c)(1)(A) of this section.

6-20-2719. Rules.

(a) The Division of Elementary and Secondary Education shall promulgate rules necessary to implement this subchapter.

(b)(1) When adopting the initial rules to implement this subchapter, the final rules shall be filed with the Secretary of State for adoption under § 25-15-204(f):

(A) On or before January 1, 2024; or

(B) If approval under § 10-3-309 has not occurred by January 1, 2024, as soon as practicable after approval under § 10-3-309.

(2) The division shall file the proposed rules with the Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2024, so that the Legislative Council may consider the rule for approval before January 1, 2024.

(c) The division and State Board of Education shall provide access to relevant legislation of the General Assembly concerning public school funding by the following methods:

(1) Including a link to the relevant legislation on the division's 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) The website address where the member can access the relevant legislation; or

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

SECTION 10. DO NOT CODIFY. Effective date. This act shall be effective on and after July 1, 2025.

/s/Cozart