

Implementation of SB146, ACT 449 of 2013

SB146 by Senator Key: CONCERNING THE PARTICIPATION OF SCHOOL RESOURCE OFFICERS INDIRECTLY PAID BY A SYSTEM EMPLOYER IN THE ARKANSAS TEACHER RETIREMENT SYSTEM.

This act was not initiated by ATRS. This was a bill designed to help some schools who needed school resource officers (SRO), and were having a hard time recruiting them. In order to be a school resource officer, the employee must be hired by a law enforcement agency. Because SROs are usually paid less than a county deputy or municipal police officer, the pool of potential employees is often through LOPFI or APERS retirees.

This act is strictly voluntary for the ATRS employers and the SROs. If a school is interested in providing this option of its SROs, the school must adopt a resolution that states:

- (a) It authorizes a SRO to participate in ATRS;
- (b) The employer will act as the system employer for the purpose of reporting service and paying contributions as if the SRO were directly hired by the employer;

The SRO who participates in ATRS must have the authorization by the employer; the salary reported to ATRS shall be the salary for performing the services of a SRO for the ATRS employer, and the employer receiving the services of an SRO will be considered the system employer for the purpose of system participation.

ATRS has been asked by some employers of the process to follow to employ SROs as an indirect employer. Below are suggestions for this process:

- (a) School must pass a resolution stating this is their intention and the SRO must agree to the ATRS membership;
- (b) The existing contract between the school and the city or county will change so that the school will pay the employer contribution to ATRS and the W-2 employer will not pay the APERS or other "retiree" employer contribution.
- (c) The county or city will no longer pay employer contributions to LOPFI/APERS¹.
- (d) The school's contract with the city or county will need to be adjusted so that the school does not pay the employer contribution amount to the city or county who used to then pay to APERS. The school will now send the 14% employer contribution amount directly to ATRS.
- (e) The city or county would complete the W-2 for the employee, not the school, since the school is an indirect employer.

¹ If a LOPFI retiree was not in their DROP plan, they may come back to LOPFI-covered employment one time. Normally, if they come back to a paid status, their benefit stops and LOPFI collects member and employer contributions until they re-retire. If a retiree comes back to a LOPFI-covered employer in a volunteer status, he or she continues to receive their retirement check but have to sign a waiver which states they understand that they are not enrolled in LOPFI or receiving additional service credit. LOPFI agreed to let their retirees continue to draw benefits while participating under this SRO act. Under this program, the LOPFI retiree continues to receive their monthly benefit check since they are active in ATRS and not LOPFI.

In the past, the school contracted with the city or county for the SRO salary plus the amount of the employer contributions due (14.88% for an APERS retiree) to the city or county. If the school contracts with the city or county to pay \$50,000 gross wages for the services of an SRO under the new act, following are the amounts that would be payable to ATRS.

50,000 * 14% = 7,000 (employer contributions)

50,000 * 6% = 3,000 (employee contributions—deferred retirement for W-2 reporting)

50,000 – 3,000 = 47,000 (wages after picked-up contributions are deducted)

In working with APSCN personnel, the suggested reporting of the 50,000 gross wages is:

The W-2 employer would bill the school district on a quarterly basis for salary plus Social Security and Medicare benefits:

I. Payment to the W-2 Employer from School District:

1. Wages	11,750.00	(47,000/4 = 11,750.00)
2. FICA Tax	728.50	(11,750 * .062 = 728.50)
3. Medicare Tax	170.38	(11,750 * .0145 = 170.38)
	12,648.88	
4. Non Cash Wages Subject (6% TR Contribution withheld from Gross Not Sheltered from SS Taxes).		
FICA	46.50	(3000/4=750.00 *.062 = 46.50)
MED	10.88	(3000/4=750.00 *.0145 = 10.88)
	12,706.26	Total School District Quarterly Check to W-2 Employer

II. ATRS Quarterly Reporting and Payment²:

1. Gross Wages /4 * 20% = 2,500.00 (50,000/4 = 12,500 * 20% = 2,500)

III. W-2 Reporting by the W-2 Employer:

Box 1. Wages, tips, other compensation: 47,000
 Box 3. Social Security wages: 50,000
 Box 5. Medicare wages and tips: 50,000
 Box 13. Check "**Retirement Plan**"
 Box 14. Deferred Retirement: 3,000 (50,000 * 6% = 3,000 deferred retirement)

This act becomes **effective in August 2013**. Salary for time worked prior to the effective date of the act cannot be reported to ATRS. No prior service as a resource officer can be purchased under this act.

² The salary, contributions, and service credit cannot be run through the APSCN payroll process because the school district is an indirect employer. The quarterly payment may be made using the EFT process.

Approved Memos: Financial Coding Requirements for 2013-2014

Appendix 2



Version History

Title	Financial Coding Requirements for 2013-2014
Memo Number	FIN-13-063
Memo Date	3/28/2013
Attention	Co-op Directors; Superintendents; General Business Managers and Bookkeepers
Memo Type	Regulatory
Response Required	No
Section	Fiscal & Administrative Services
Regulatory Authority	A.C.A §6-20-2207
Contact Person	Kathleen Crain
Phone Number	501-682-4887
E-Mail	kathleen.crain@arkansas.gov
Memo Text	Financial Coding Changes FY 2014

FUNDS/Source of Funds (SOF)

1. Fund/Source of Fund (F/SOF) 6750* Medicaid has 45650 as the new revenue code. (Replaced revenue code 45910).
2. The Special Education Department has added three new F/SOF's for Title VI-B funds for FY 2014. Fund 6702 will be broken out to four funds in FY 2014:

Fund/Source	Revenue Code	Title
6702*	45613	IDEA Title VI-B Pass through Funding CFDA# 84.027
6705*	45616	Title VI-B BSS GRANT. CFDA# 84.027 Special Education_Grants to States
6706*	45617	Title VI-B TRANSITION GRANT. CFDA# 84.027 Special Education_Grants to States
6707*	45618	Title VI-B ESVI GRANT. CFDA# 84.027 Special Education_Grants to States

Functions:

1. Function 5904: All federal funds (Fund 6) refunded to the Arkansas Department of Education must be charged to function 5904. Function 5904 replaces 5901 with any fund 6xxx entry.
2. Function 5501: *Administration Charge. Administration costs that are charged by co-ops/districts to federal, state and/or local grants that specify in writing that an administrative cost rate will be allowed by the specified grant. Administration costs are costs incurred by co-*

ops/districts that are not directly attributable to a specific school or for a specific activity. Object code 68410 is only allowed with this function code.

Objects:

1. Object code 63220 - *Substitute Teachers Purchased Service (Non-Employees* – is allowed with instructional functions only – no change. Object code 64220 "*Substitute Employee Purchased Service for Classified Positions (Non-Employee)*" has been added for substitutes in classified positions. (Please note: For substitute workers in Food Service, Fund 8, use function code 3120 - *Food Preparation and Dispensing Service* and object code 65700- *Food Service Management*.
2. Object codes 61830 – *Certified unused vacation leave* and 61840 – *Classified unused vacation leave* replace Object codes 61960 - *Unused Vacation CRT* and 61961 – *Unused vacation CLS*. The Object code 61800 title description has been changed from "unused Sick Leave" to "Unused Leave."
3. Object code 68410 - *Administration Charge. Administration costs that are charged by co-ops/districts to federal, state and/or local grants that specify in writing that an administrative cost rate will be allowed by the specified grant. Administration costs are costs incurred by co-ops/districts that are not directly attributable to a specific school or for a specific activity.* This object code is allowed ONLY with function 5501.

Program Codes

1. Special Ed Program Codes with funds 1275 and 2275: Alternative Learning Environment (ALE) expenditures currently require the use of program code 438 in all funds. Beginning FY 2014, program code 438 must be used for all ALE related expenditures EXCEPT when the expenditure in ALE funds 1275 or 2275 is for special ed. If it is a special education expense, the special ed program code 2xx MUST be substituted for program code 438 in funds 1275 and 2275. The ALE program code 438 continues to be required for all other funds to provide the ability to track ALE expenditures across all funds in addition to ALE funds 1275 and 2275. This change is related to using only special ed program codes (2xx) in funds 1275 and 2275 as needed. In summary: Beginning FY 2014, the program code for all budget units in funds 1275 and 2275 must be 438, with the exception of special education expenditures, which necessitates using program codes 200, 250, 260, 264, 265, 266, 268 or 269.
2. Special Education PROGRAM CODES specific to certain function codes: The following functions can be used with many different program codes that are NOT Special Education program codes. However, these functions may only be used with the following Special Education program codes to indicate special ed expenditure:

For All Funds:

Function Codes	Program Code
1100-1197	250 ONLY
1297**	264-265; or 268-269 and F/SOF 6702 ONLY
1300-1999	250 ONLY
2100-2111	250 ONLY
2220-2291	250 ONLY
2299-2573	250 ONLY
2575-2601	250 ONLY
2661-2671	250 ONLY
2699-2710	250 ONLY
3100-4100	250 ONLY

**Function code 1297 must ONLY be used with Program 264-265 or 268-269 and Fund/Source 6702

3. Program Code 260* - Pre School. In the past this program code has been "optional." Beginning July 1, 2014, it is a "required" code for

Special Education because the federal government is requiring it to be pulled for maintenance of effort.

Reminders:

Property Tax code 11110 and 11120 are BOTH still required revenue codes for budgeting and receipting actual property tax revenue. The definition for 11120 was changed in 2012 when Arkansas law changed to prohibit any pullback deferrals and to phase out pullback accruals. **Revenue code 11110** is still required to record **taxes received from the general levy July through December**. **Revenue code 11120** is required to record **taxes received from the general levy January through June**. Any taxes apportioned by the County Clerk and held in the County Treasurer's office (NOT the County Collector's office) as of June 30, 2012, must be accrued by journal entry in June or period 13 and then reversed in the new fiscal year. Use Revenue code 01210 to accrue these tax receivable amounts.

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Arkansas Department of Education
Rules Governing the Distribution of Student Special Needs Funding and the
Determination of Allowable Expenditures of Those Funds
June 2012

1.00 Authority

- 1.01 The Arkansas State Board of Education’s authority for promulgating these Rules is pursuant to Ark. Code Ann. §§ 6-11-105, 6-20-2301 et seq., and 6-48-101 et seq.
- 1.02 These Rules shall be known as the Arkansas Department of Education (ADE) Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds.

2.00 Purpose

- 2.01 The purpose of these Rules is to distribute student special needs funding and define the allowable expenditures of those funds.

3.00 Definitions – For purposes of these Rules, the following terms mean:

- 3.01 “Alternative Learning Environment (ALE)” is a student intervention program consisting of an alternate class or school that:
 - 3.01.1 Affords all students an environment that seeks to eliminate traditional barriers to learning for students whose academic and social progress are negatively affected by the student's personal characteristics or situation; and
 - 3.01.2 Is not a punitive environment but is one that is conducive to learning.
- 3.02 “Average Daily Membership (ADM)” is the total number of days of school attended plus the total number of days absent by students in grades kindergarten through 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.
 - 3.02.1 In those instances in which the ADM 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.
 - 3.02.2 As applied to these Rules, students who may be counted for ADM are:
 - 3.02.2.1 Students who reside within the boundaries of the school

district, are enrolled in a public school operated by the school district, and are enrolled in a curriculum that fulfills the requirements established by the State Board of Education (State Board) under the Standards for Accreditation of Arkansas Public Schools and School Districts;

3.02.2.2 Legally transferred students living outside the school district, but who are attending a public school in the school district under a provision of the Arkansas Code and 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.

3.02.2.3 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;

3.02.2.4 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;

3.02.2.5 Students who reside within the boundaries of the school district but due to geographic barriers attend school out-of-state under a tuition agreement, even if they 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; or

3.02.2.6 Any other circumstance allowed by law.

3.03 “Bonus” is a non-recurring payment to a school district employee, which shall not be considered an addition to the employee’s contractual salary amount.

3.04 “Chronically Underperforming School” is a public school that does not meet adequate yearly progress under the No Child Left Behind Act of 2001, 20 U.S.C. § 6301 et seq., as it existed on July 1, 2009, for three (3) or more consecutive years.

3.05 “Classroom Teacher” is an individual who is required to hold a teaching license from the ADE and who is working directly in instruction with students in a classroom setting for more than seventy percent (70%) of the individual's contracted time; a guidance counselor; or a librarian.

3.06 “Coordinated School Health Coordinator” is an individual that coordinates the

implementation of the Coordinated School Health model components, facilitates the Wellness Priority within the Arkansas Comprehensive School Improvement Plan (ACSIP), and has a minimum of a bachelor's degree (Master's preferred) in education, nursing, health services administration, social services, psychology/mental health services, or nutrition. The coordinator will be in addition to other school health staff or positions.

- 3.07 “Coordinated School Health” (CSH) is an effective system designed to connect health (physical, mental/emotional and social) with education. This coordinated approach improves students’ health and their capacity to learn through the support of families, communities and schools working together. The CSH approach consists of eight major components. Although these components are listed separately, it is their composite that allows CSH to have significant impact. The eight components include: health education, physical education/physical activity, health services, nutrition services, health promotion for staff, counseling and psychological services, healthy school environment, and student/parent/community involvement.
- 3.08 “Department” or “ADE” is the Arkansas Department of Education.
- 3.09 “English Language Learners (ELL)” are students identified as not proficient in the English language based upon approved English proficiency assessment instruments, which measure proficiency in and comprehension of English in reading, writing, speaking, and listening.
- 3.10 “Eligible Alternative Learning Environment (ALE)” is an Alternative Learning Environment (ALE) approved by the Department pursuant to Section 4.05 below as being in compliance with Ark. Code Ann. § 6-48-101 *et seq.* and these Rules.
- 3.11 “Eligible ALE Student” is a student who:
- 3.11.1 Meets the qualifications of Section 4.02,
 - 3.11.2 Is enrolled in an eligible ALE program, and
 - 3.11.3 Has been enrolled in an eligible ALE for a minimum of twenty (20) consecutive days per school year except as provided in Section 4.06.3.3.
- 3.12 “Excess National School Lunch State Categorical Funds” are current year National School Lunch State Categorical Funds remaining, after a district has met the educational needs of students, that are to be used to supplement teacher salaries.
- 3.13 “Experienced-based Field Trip” A student field trip which culminates an academic content unit directly tied to the Arkansas Frameworks that includes research-based activities.

- 3.14 “Human Service Worker” shall collaborate and provide information, resources, services, and referrals, to the district, LEA, parents, and students in a variety of activities, trainings, and assessments concerning the physical, mental/emotional, and social health of the child.
- 3.15 “Intervention Services” are activities within or outside a school that will eliminate traditional barriers to learning.
- 3.16 “Licensed Mental Health Counselor," or L.M.H.C., hold a master’s degree from a graduate program in the field. They may render mental health care services to individuals, families or groups. L.M.H.C.s use therapeutic techniques to define goals and develop treatment plans aimed toward prevention, treatment, and resolution of mental and emotional dysfunction. Mental Health Professionals are licensed by the specific state boards corresponding with their licensure (i.e., Board of Examiners [LPCs, LACs], Board of Psychology [PhDs, LPEs), Social Work Licensing Board [LCSW, LMSW, LSW], which also monitors professional conduct).
- 3.17 “NSLA” – National School Lunch Act.
- 3.18 “National School Lunch Students” are those students from low socioeconomic backgrounds as indicated by eligibility for free or reduced-price meals under the United States Department of Agriculture's National School Lunch Program as determined on October 1 of each previous school year and submitted to the ADE, unless the district is a Provision 2 District.
- 3.19 “Open Enrollment Public Charter School” is a public school operating under the terms of a charter granted by the State Board of Education pursuant to Ark. Code Ann. §§ 6-23-301 *et seq.*
- 3.20 “Previous Year” is the school year immediately preceding the school year in which funds are allocated.
- 3.21 “Professional Development” is a coordinated set of planned learning activities that:
- 3.21.1 Improve the knowledge, skills, and effectiveness of teachers;
 - 3.21.2 Address the knowledge and skills of administrators and paraprofessionals concerning effective instructional strategies, methods, and skills;
 - 3.21.3 Lead to improved student academic achievement; and
 - 3.21.4 Are research-based, standards-based, and continuous.
 - 3.21.5 Training activities for school bus drivers may also be included.
- 3.22 “Provision 2 district” is a school district participating in the federal National

School Lunch Program under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. § 245.9.

- 3.23 “Provision 2 district base year (base year)” means the last school year for which eligibility determinations were made and meal counts were taken by type.
- 3.24 “Scholastic Audit” is a comprehensive review of the learning environment, organization efficiency, and academic performance of schools and districts.
- 3.25 “School District” or “District” is 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, and whose board conducts the daily affairs of public schools pursuant to the supervisory authority vested in it by the General Assembly and Title 6 of the Arkansas Code. For the purposes of these Rules, all references to “school district” or “district” include open enrollment public charter schools, except as waived by the State Board of Education pursuant to Ark. Code Ann. § 6-23-301 et seq.
- 3.26 “School Resource Officer” (SRO) is a sworn law enforcement officer assigned to a school on a long-term basis. The SRO is specifically trained in and performs three main functions, law enforcement officer, law related counselor, and law related educator. In addition the SRO works in collaboration with the school and the community as a resource.
- 3.27 “School Year” is the year beginning July 1 of one calendar year and ending June 30 of the next calendar year.
- 3.28 “Students at Risk” are those students demonstrating an ongoing persistent lack of attaining proficiency levels in literacy and mathematics.
- 3.29 “Social Workers” have an undergraduate or graduate degree in social work or a related mental health field, and are trained in psychotherapy and social work techniques. Family therapists and employee assistance program counselors are often social workers. Social workers who work in private agencies or independent practice must hold state licenses from the Board of Registration of Social Workers. An L.C.S.W (Licensed Certified Social Worker) or a L.S.W. (Licensed Social Worker) may practice in an agency setting under proper supervision. Professional conduct is monitored by the State of Arkansas Social Work Licensing Board.
- 3.30 “Supplement to Teacher Salaries” is the use of excess National School Lunch State Categorical Funds to supplement teacher salaries as either a bonus, as defined at Section 3.03, or to provide an amount of compensation above the amount required by the minimum teacher salary compensation schedule, as defined at Ark. Code Ann. § 6-17-2403.
- 3.31 “Technology” is any equipment for instructional purposes that is electronic in

nature including, but not limited to, computer hardware, computer software, internet connectivity, and distance learning.

4.00 Special Needs - Alternative Learning Environment (ALE)

4.01 ALE General Requirements

4.01.1 Every school district shall provide one (1) or more Eligible Alternative Learning Environments (ALE) for all students meeting the criteria of Section 4.02.1 of these Rules, by any of the following methods:

4.01.1.1 A school district may establish and operate an ALE;

4.01.1.2 A school district may cooperate with one (1) or more other school districts in a consortium to establish and operate an ALE, with one school district designated as the lead district; or

4.01.1.3 A school district may use an ALE operated by an education service cooperative established under The Education Service Cooperative Act of 1985, Ark. Code Ann. § 6-13-1001 et seq.

4.01.2 An ALE shall provide intervention services designed to address students' specific educational and behavioral needs.

4.01.2.1 Intervention services shall include, without limitation, access to the services of a school counselor, a mental health professional, a nurse, and support services substantially equivalent to those provided to other students in the regular educational environment.

4.01.2.2 Intervention services shall be coordinated with state and federal student assistance programs.

4.01.3 An ALE shall not be punitive but shall provide the guidance, counseling, and academic support necessary to enable students who are experiencing emotional, social or academic problems to continue to make progress toward educational goals appropriate to each individual student's specific situation, characteristics, abilities, and aspirations.

4.02 ALE Student Eligibility and Placement

4.02.1 To be an eligible ALE student, a student must exhibit two (2) or more of the characteristics identified in Section 4.02.1.1 and Section 4.02.1.2. Students will not be placed in the ALE based on academic problems alone.

- 4.02.1.1 Situations that negatively affect the student’s academic and social progress may include, but are not limited to:
 - 4.02.1.1.1 Ongoing, persistent lack of attaining proficiency levels in literacy and mathematics;
 - 4.02.1.1.2 Abuse: physical, mental, or sexual;
 - 4.02.1.1.3 Frequent relocation of residency;
 - 4.02.1.1.4 Homelessness;
 - 4.02.1.1.5 Inadequate emotional support;
 - 4.02.1.1.6 Mental/physical health problems;
 - 4.02.1.1.7 Pregnancy; or
 - 4.02.1.1.8 Single parenting.
- 4.02.1.2 Students placed at risk, though intelligent and capable, typically manifest one or more of the following characteristics:
 - 4.02.1.2.1 Personal or family problems or situations;
 - 4.02.1.2.2 Recurring absenteeism;
 - 4.02.1.2.3 Dropping out from school; or
 - 4.02.1.2.4 Disruptive behavior.
- 4.02.2 A student may be enrolled in an ALE only on the referral of an Alternative Education Placement Team to be composed of the following individuals:
 - 4.02.2.1 School counselor from the referring school;
 - 4.02.2.2 Building principal or assistant principal from the referring school;
 - 4.02.2.3 One (1) or more of the student’s regular classroom teachers;
 - 4.02.2.4 LEA special education or 504 representative, if applicable;
 - 4.02.2.5 Parent or guardian of the student, if they choose to participate; and

- 4.02.2.6 ALE administrator or ALE teacher, or both.
- 4.02.2.7 At the option of the school district, the student may be included as a member of the Alternative Education Placement Team.
- 4.02.2.8 The school district shall document efforts to contact the parent or guardian to schedule a meeting or a phone call for a placement meeting at the parent or guardian's convenience, and maintain such documentation in the student's Student Action Plan (SAP).

4.02.3 The ALE program shall:

- 4.02.3.1 Assess the student either before or upon entry into the alternative learning environment;
- 4.02.3.2 Provide intervention services designed to address the student's specific educational needs; and
- 4.02.3.3 If the student exhibits one (1) or more of the characteristics identified in Section 4.02.1.2, provide non-punitive intervention services designed to address the student's specific behavioral needs for long-term improvement of the student's ability to control his or her behavior.

4.02.4 No later than one (1) week after a student begins alternative education interventions, the Alternative Education Placement Team shall assess the student's current functioning abilities and all relevant social, emotional, academic, career, and behavioral information and develop a Student Action Plan (SAP) outlining the intervention services to be provided to the student. The Student Action Plan shall contain at a minimum:

- 4.02.4.1 Plan of intervention services to be provided to address the student's specific educational needs and, if appropriate, the student's behavioral needs;
- 4.02.4.2 Goals and objectives necessary to achieve positive reintegration into the regular educational environment;
- 4.02.4.3 Exit criteria on which to base a student's return to the regular educational environment; and
- 4.02.4.4 Documentation of the presence of the characteristics listed in Sections 4.02.1.1 and 4.02.1.2 for which the student was referred.

4.02.4.5 The Student Action Plan may be revised from time to time by the Alternative Education Placement Team as circumstances warrant.

4.02.5 No later than five (5) school days after a student begins alternative education interventions, the Alternative Education Placement Team shall develop a signed agreement between the ALE, the parent or guardian (if they choose to participate), and the student, outlining the responsibilities of the ALE, parent or guardian, and the student to provide assurance that the plan for each student is successful.

4.02.6 A positive behavior or transitional plan shall be developed and added to the Student Action Plan prior to a student's return to the regular educational environment.

4.03 ALE Personnel Requirements

4.03.1 Administrative, teaching, and other personnel in an ALE shall meet appropriate State licensure and renewal requirements for the positions to which they are assigned.

4.03.2 All direct instruction in core academic subject areas shall be provided by highly qualified teachers, as that term is defined in the ADE Rules Governing Highly Qualified Teachers Pursuant to the No Child Left Behind Act of 2001.

4.03.3 Every classroom in an ALE program shall maintain student/teacher ratios as follows:

4.03.3.1 For grades kindergarten through six (K-6), no more than ten (10) students to one (1) teacher. If a paraprofessional is employed in addition to a licensed teacher, the student/teacher ratio shall be no more than twelve (12) to one (1).

4.03.3.2 For grades seven through twelve (7-12), no more than fifteen (15) students to one (1) teacher. If a paraprofessional is employed in addition to a licensed teacher, the student/teacher ratio shall be no more than eighteen (18) to one (1).

4.03.3.3 In a middle school where the grade configuration includes grades five (5) or six (6), or both, the student/teacher ratios for grades seven through twelve (7-12) may be applied.

4.03.4 An ALE shall establish plans for professional development and in-service training for all licensed personnel working in the ALE in a teaching or administrative capacity.

4.03.4.1 Professional development and in-service training for ALE personnel shall include training in classroom management, and training in additional areas related to the specific needs and characteristics of students in alternative education environments.

4.03.4.2 All licensed personnel working in an ALE shall participate in specific alternative education professional development as part of the sixty (60) hours required annually for licensed personnel by the Department's Rules Governing Professional Development.

4.03.4.3 The Department shall award professional development credit for programs provided under this Section 4.03.4 and approved pursuant to the Department's Rules Governing Professional Development.

4.03.5 Wages, salaries or benefits may be paid out of ALE funds only to the extent of the time devoted by an employee to direct supervision of or direct work in an eligible ALE program.

4.04 ALE Curriculum and Program Requirements

4.04.1 An ALE shall assess each ALE student either before or upon entry into the alternative learning environment with effective, research-based assessment tools to determine the student's current academic capability.

4.04.2 An ALE shall provide a curriculum including mathematics, science, social studies, and language arts aligned with the regular classroom instruction. Reading, writing, and mathematics shall be incorporated into all curriculum areas.

4.04.2.1 An ALE shall use the curriculum frameworks adopted by the Department to plan instruction leading to student demonstration of proficiency in the Arkansas content standards.

4.04.3 As an alternative to the curriculum required by Section 4.04.2, an ALE may allow an individual student to instead pursue a curriculum aligned with the standards for General Educational Development (GED) Tests, subject to the following conditions:

- 4.04.3.1 The student must be sixteen (16) years of age or older;
- 4.04.3.2 The student must lack sufficient credits to graduate by the time the student turns eighteen (18) years of age; and
- 4.04.3.2 The student's parent or guardian, or the student if the student is eighteen (18) years of age or older, must consent in writing.
- 4.04.4 Computer-based instruction and distance learning may be used only as a supplement to direct teacher instruction and must constitute less than forty-nine percent (49%) of total instructional time in any one (1) course. This restriction shall not apply to distance learning or computer-based instruction approved by the Department.
- 4.04.5 All students attending an ALE operated by a consortium of school districts shall follow the lead district's school calendar. All students attending an ALE operated by an education service cooperative shall follow a school calendar designated by the cooperative.
- 4.04.6 An ALE shall be furnished with the equipment and instructional materials necessary to provide the environment and working conditions appropriate for subjects or activities assigned.
- 4.04.7 Meals provided at ALE facilities shall follow the Arkansas Child Nutrition guidelines or shall be approved by the Child Nutrition Unit of the Arkansas Department of Education.
- 4.04.8 An In-School Suspension (ISS) program for a regular educational environment may not be located in an ALE classroom.
- 4.05 ALE Program Approval, Reporting, and Monitoring
 - 4.05.1 On or before March 31 of each year, each ALE program shall submit to the Department, in electronic format, a program description documenting the program's compliance with Ark. Code Ann. § 6-48-101 et seq. and these Rules.
 - 4.05.1.1 ALE programs operating in separate facilities, even if located within the same school district, are deemed to be separate individual programs requiring separate approval and separate reporting.
 - 4.05.2 On or before March 31 of each year, each school district shall submit to the Department, in electronic format, an assurance statement, signed

physically or electronically by the superintendent of the district, that the school district is in compliance with these rules and Ark. Code Ann. § 6-48-101 *et seq.*

4.05.3 On or before March 31 of each year, each ALE program operated by a consortium of school districts or by an education service cooperative shall submit to the Department, in electronic format:

4.05.3.1 A list of all school districts participating in the ALE; and

4.05.3.2 A copy of the contract agreement or memorandum of understanding governing the ALE program and entered into by the participating school districts and, if applicable, the education service cooperative.

4.05.4 Annually, the Department shall compile annual report data for each ALE program utilizing Arkansas Public School Computer Network student management data. The data compiled shall include:

4.05.4.1 The number of students, subdivided by race, gender, and grade level, enrolled in an ALE program at any time during that school year;

4.05.4.2 The number of students enrolled in an ALE program who returned to the regular educational environment, who dropped out of school, who graduated, or who received a GED;

4.05.4.3 The number of high school students graduating in that school year who, over their entire K-12 career, were enrolled in an ALE for a total of twenty (20) or more days;

4.05.4.4 The number of students enrolled in an ALE program and participating in Workforce/Secondary Career Centers;

4.05.4.5 The number of students enrolled in an ALE program and receiving special education services;

4.05.4.6 The number of students enrolled in an ALE program who had previously exited an ALE program in the second or third prior school year;

4.05.4.7 The total amount of all funds expended to operate the ALE program for that school year; and

4.05.4.8 The total amount of ALE funding received for that school year.

- 4.05.5 After June 15 of each year, the Department may direct a district to provide the annual report data required under section 4.05.4 if the information sought is not readily ascertainable from Arkansas Public School Computer Network student management data.
- 4.05.6 To be eligible for ALE funding under Section 4.06 below, an ALE program shall be approved annually by the Department.
 - 4.05.6.1 Program approval shall be contingent on a satisfactory review of the program description, annual report data, and assurance statement submitted pursuant to this Section 4.05.
 - 4.05.6.2 Program approval shall be for a term of up to one (1) year, running from July 1 or the date of program approval, whichever is later, through June 30.
 - 4.05.6.3 The Department shall give notice of approval or disapproval of an ALE program no later than July 15 of each year, contingent on the ALE program timely submitting all required information.
- 4.05.7 Each school district shall submit a description of the ALE program(s) utilized by its students in its Arkansas Comprehensive School Improvement Plan (ACSIP).
 - 4.05.7.1 The ACSIP will include how the funds will be spent, the person(s) responsible, a timeline, and the total amount of ALE funds budgeted.
 - 4.05.7.2 Each school district shall evaluate programs supported by ALE funds annually to ensure that the programs are providing a non-punitive environment that is conducive to learning, that eliminates traditional barriers to learning, and that complies with these Rules.
 - 4.05.7.3 The total ALE funds budgeted in ACSIP shall agree with the total ALE expenditures budgeted in the school district's financial management software.
- 4.05.8 As part of the Department's accreditation review of each school district under Ark. Code Ann. § 6-15-202, the Department shall evaluate each ALE to ensure that the ALE is:
 - 4.05.8.1 Established and operated in compliance with these rules and Ark. Code Ann. § 6-48-101 *et seq.*; and

4.05.8.2 Effective under the measurements established by the Department.

4.05.9 The Department shall identify a school district's noncompliance on the school district's annual report card.

4.05.10 The Department shall identify information concerning best practices for educating students in alternative learning environments and disseminate that information to teachers and administrators working in alternative learning environments.

4.05.11 On or before September 15 of each year, the Department shall provide to the House Interim Committee on Education and the Senate Interim Committee on Education a report on:

4.05.11.1 The information reported to it under Section 4.05; and

4.05.11.2 The effectiveness of ALE programs evaluated by the Department.

4.06 ALE Funding

4.06.1 The ALE funding amount shall be the amount authorized by law times the district's eligible ALE students' full-time equivalents (FTE) in the previous school year as defined in these Rules.

4.06.2 An ALE student shall be counted as no more than one student for ALE funding purposes.

4.06.3 An eligible ALE student's FTE shall be calculated as follows: the sum of (the total number of days an eligible ALE student attends an eligible ALE, plus the total number of days absent while enrolled in an eligible ALE program) divided by the number of school days actually taught in the district's school year.

4.06.3.1 If an eligible ALE student has less than six (6) hours per day of student/teacher interaction time in an eligible ALE, the student's FTE shall be calculated as the result of the calculation in Section 4.06.3 multiplied by the number of hours that student is taught in an eligible ALE each day divided by 6 hours.

4.06.3.2 In no case shall an eligible ALE student's FTE be calculated as greater than 1.0.

4.06.3.3 If an eligible ALE student is educated in an eligible ALE for fewer than twenty (20) consecutive days, no ALE funding may be paid for that student, unless:

4.06.3.3.1 The student leaves the school district to transfer to another eligible ALE and is enrolled in an ALE for a combined total of twenty (20) or more consecutive days; or

4.06.3.3.2 The student is placed in a residential treatment program.

4.06.3.3.3 No school district may receive ALE funding for an eligible ALE student for any day the student is not enrolled in an eligible ALE in that district.

4.06.4 ALE funding is restricted state aid.

4.06.5 ALE funding shall be spent on eligible ALE programs identified in these Rules except as otherwise allowed by law or rule.

4.06.6 ALE funding may be carried over from one fiscal year to the next but these funds shall remain restricted to the priority areas as defined in these Rules except as otherwise allowed by law or rule.

5.00 Special Needs - English Language Learners (ELL)

5.01 The ELL funding amount shall be the amount authorized by law times the district's identified ELL students in the current school year.

5.01.1 The number of identified ELL students shall be a total of all students identified as not proficient in the English language based upon approved English proficiency assessment instruments.

5.01.2 Documentation to be used for the calculation of the number of identified ELL students must be submitted to the ADE no later than November 1 of each school year.

5.01.3 An ELL student shall be counted as no more than one student for ELL funding purposes.

5.02 School districts shall maintain documentation of each student identified as an ELL.

5.03 For ELL funding purposes, State-approved English proficiency assessment instruments include:

- 5.03.1 LAS (Language Assessment Scales);
 - 5.03.2 Maculaitis/MAC II Assessment of Competencies; and
 - 5.03.3 English Language Development Assessment English Language Proficiency Screener/TELEPA.
- 5.04 ELL funding shall be expended for eligible activities including, but not limited to, the following:
- 5.04.1 Salaries for ELL-skilled instructional services (not supplanting district financial obligations for providing teachers for ELL students).
 - 5.04.2 Funds for teacher training, consultants, workshops, and ELL course work, including ADE sponsored training programs.
 - 5.04.3 Released-time for ELL program development.
 - 5.04.4 Selection and purchase of language-appropriate instructional and supplemental (enrichment) materials for ELL students (including computer-assisted technology and library materials).
 - 5.04.5 Language and cultural skills training for school-based health service providers, counseling service providers, and community liaison staff as needed to serve ELL students.
 - 5.04.6 Assessment activities, which include test administration, identification, placement, and review of ELL student academic progress, as well as evaluation activities to determine the effectiveness of the district's ELL program.
 - 5.04.7 Funds for the implementation of supplemental instructional services for ELL students.
- 5.05 ELL funding may be carried over from one fiscal year to the next, but these funds shall remain restricted to those priority areas defined in these Rules except as otherwise allowed by law or rule.
- 5.06 A description of ELL activities and funding shall be included in the district's ACSIP. The ACSIP will include how the funds will be spent, the person(s) responsible, a timeline, and the total amount of ELL funds budgeted.
- 5.06.1 The total ELL funds budgeted in ACSIP shall agree with the total ELL expenditures budgeted in the school or school district's financial management software.

6.00 Special Needs - National School Lunch Act

- 6.01 Except as provided in Section 6.01.5 of these Rules, national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305 (b) (4) shall be based on the number of national school lunch students for the immediately preceding school year determined under Section 3.18 of these Rules, divided by the district's total enrolled students for the immediately preceding school year. If the school district is a Provision 2 district, this funding is based on the school district's percentage of national school lunch students submitted in the base year, multiplied by the number of enrolled students for the immediately preceding school year. For determination of the per-student amount of national school lunch state categorical funding, the percentage shall be calculated to one tenth of one percent (0.10%), and rounded up to the nearest whole number from five tenths of one percent (0.5%) or above or down to the nearest whole number from less than five tenths of one percent (0.5%).
- 6.01.1 For school districts in which ninety percent (90%) or greater of the previous school year's enrolled students are national school lunch students, per student national school lunch state categorical funding shall be the amount authorized by Ark. Code Ann. § 6-20-2305(b)(4)(A)(i).
- 6.01.2 For school districts in which less than ninety percent (90%) but at least seventy percent (70%) of the previous school year's enrolled students are national school lunch students, per student national school lunch state categorical funding shall be the amount authorized by Ark. Code Ann. § 6-20-2305(b)(4)(A)(ii) .
- 6.01.3 For school districts in which less than seventy percent (70%) of the previous school year's enrolled students are national school lunch students, per student national school lunch state categorical funding shall be the amount authorized by Ark. Code Ann. § 6-20-2305(b)(4)(A)(iii).
- 6.01.4 Districts must participate in the United States Department of Agriculture's National School Lunch Program to receive national school lunch state categorical funding.
- 6.01.5 For an open-enrollment public charter school in its initial year of operation, or in any year in which the charter school adds a grade level, per-student national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305 (b)(4) shall be based on the school's current school year enrollment as of October 1.
- 6.02 Except as provided in Section 6.02.3 of these Rules, the district percentage of NSLA eligible students shall be determined from the Arkansas Public School Computer Network's Cycle 2 report for the previous school year.

- 6.02.1 The Child Nutrition Unit of the ADE shall verify the Cycle 2 report for accuracy.
- 6.02.2 Adjustments to the Cycle 2 report shall be made by the ADE based on documentation provided by the school district.
- 6.02.3 For an open-enrollment public charter school in its initial year of operation, or in any year in which the charter school adds a grade level, the school's percentage of NSLA eligible students shall be determined by the school's free or reduced-price meal eligibility data as reported by October 1 of the current school year.

6.03 National School Lunch State Growth Funding

- 6.03.1 The ADE shall use the Cycle 2 enrollment data for the previous four years to calculate a three-year trend in district enrollment.
- 6.03.2 If a district has grown at least one percent for each of the three previous years, it shall qualify for National School Lunch State Growth Funding.
- 6.03.3 Districts that qualify for funding shall receive National School Lunch State Growth Funding.
- 6.03.4 The funding shall be calculated as the three year average growth in enrollment multiplied by the district's previous year's percentage of students eligible for the United States Department of Agriculture's National School Lunch Program multiplied by the per student funding amount determined in Section 6.01.

6.04 Transitional National School Lunch State Funding Methods

- 6.04.1 If a school district would receive, in the current school year, national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305(b)(4)(A) that is based on a different per student amount of national school lunch state categorical funding than the school district received in the immediately preceding school year, due to a percentage change in national school lunch students, the ADE shall adjust the funding to the school district in a transitional three-year period.
- 6.04.2 The amount of national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305(b)(4)(A) 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 national school lunch state categorical funding per student for the current year and the amount of national school lunch state categorical funding per student for the immediately preceding year, adjusted for changes to the funding rates in Ark. Code Ann. § 6-20-2305(b)(4)(A).

6.04.3 The method of transition for a school district that experiences a decrease in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of a decrease in national school lunch state categorical funding per student from \$1,488 in the immediately preceding year to \$992 in the current year:

For illustrative purposes:

- Year one (current year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$1,322.67 ($\$1,488 - \165.33).
- Year two of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$1,157.34 ($\$1,322.67 - \165.33).
- Year three (final year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$992 ($\$1,157.34 - \165.34).

6.04.4 The method of transition for a school district that experiences an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of an increase in national school lunch state categorical funding per student from \$992 in the immediately preceding year to \$1,488 in the current year:

For illustrative purposes:

- Year one (current year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$1,157.33 ($\$992 + \165.33).
- Year two of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$1,322.66 ($\$1,157.33 + \165.33).
- Year three (final year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$1,488 ($\$1,322.66 + \165.34).

6.04.5 The method of transition for a school district that, within a three-year period, experiences both a decrease and an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following two examples:

6.04.5.1 In the first example, a school district experiences an *increase* in national school lunch state categorical funding per student from \$992 in the immediately preceding year to \$1,488 in the current year, and a *decrease* to \$992 in the following year. In

this instance, the transition is completed in two years rather than three.

For illustrative purposes:

- Year one (current year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$1,157.33 (\$992 + \$165.33).
- Year two (final year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$992 (\$1,157.33 - \$165.33).

6.04.5.2 In the second example, a school district experiences a decrease in national school lunch state categorical funding per student from \$992 in the immediately preceding year to \$496 in the current year, no change in the second year, and an increase to \$992 in the third year. In this instance, the transition is completed in four years rather than three.

For illustrative purposes:

- Year one (current year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$826.67 (\$992 - \$165.33).
- Year two of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$661.34 (\$826.67 - \$165.33).
- Year three of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$826.67 (\$661.34 + \$165.33).
- Year four (final year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is \$992 (\$826.67 + \$165.33).

6.05 Each school district receiving national school lunch state categorical funds shall provide a research-based program(s) or purpose(s) for students scoring below proficiency in order to improve instruction and increase academic achievement of those students. This does not prohibit use of funds in performing schools to continue doing those strategies that are sustaining that performance.

6.05.1 A chronically underperforming school's ACSIP shall provide for the use of national school lunch state categorical funding to fund without limitation the following:

- 6.05.1.1 Use of an Arkansas Scholastic Audit.
 - 6.05.1.2 Use of disaggregated school data to set academic targets in reading, writing, mathematics, and science.
 - 6.05.1.3 Use of improvement targets to define professional development needs related to content, instruction, differentiation, and best practices in educating student subgroups as identified in need.
 - 6.05.1.4 Development of interim building-level assessments to monitor student progress toward proficiency on the state benchmark assessments.
 - 6.05.1.5 Development of a plan to immediately address gaps in learning.
 - 6.05.1.6 Examination and realignment, as needed, of school scheduling, academic support systems, and assignment of personnel to improve student achievement.
 - 6.05.1.7 Design of a plan for increasing parental knowledge and skill to support academic objectives.
 - 6.05.1.8 Evaluation of the impact of the before-mentioned educational strategies on student achievement.
- 6.06 National school lunch state categorical funding shall not be used to meet or satisfy the Arkansas Standards for Accreditation of Arkansas Public Schools and School Districts as required by Ark. Code Ann. § 6-15-201 et seq. or the Arkansas Minimum Teacher Salaries required by Ark. Code Ann. § 6-17-2403 except as otherwise allowed herein.
- 6.06.1 National school lunch state categorical funding shall not be used to augment, replace, or supplement the mandatory requirements of the Arkansas Standards for Accreditation required by Ark. Code Ann. § 6-15-201 et seq. unless the expenditure is for the purposes outlined under Section 6.07 of these Rules.
 - 6.06.2 A district may use excess national school lunch state categorical funds as a bonus or to supplement salaries above the minimum salary schedule required by Ark. Code Ann. § 6-17-2403 provided the school district is in compliance with and meets the eligibility provision of these Rules.
 - 6.06.3 School districts may use national school lunch state categorical funds to pay the salaries of those teachers used to reduce the pupil to teacher ratio below the mandates required by the Arkansas Standards for

Accreditation of Arkansas Public Schools and School Districts under the following conditions:

- 6.06.3.1 In its ACSIP, the district must designate the specific teacher(s) used to reduce the pupil-to-teacher ratios required by the Standards for Accreditation; must explain how the district will use national school lunch state categorical funds to pay only the salaries of those class-size-reduction teachers or other teachers whose salaries are designated by the ADE as bona fide national school lunch state categorical program or purpose expenditures as allowed by Section 6.07 of these Rules; and must explain how the district will use class-size-reduction teachers(s) pursuant to a recognized published research-based program to specifically target an identified academic deficiency or need of the district which aligns with and supports the district's ACSIP;
 - 6.06.3.2 Any district which did not use national school lunch state categorical funds to support the salaries of class-size-reduction teachers by June 30 in the 2006-2007 school year is limited to using national school lunch state categorical funds to support the salaries of only those class-size-reduction teachers in kindergarten through the eighth (8th) grade, provided the district submits a detailed written plan, as required in Section 6.06.3.1, which is approved by the ADE; and
 - 6.06.3.3 Along with any request to expand or increase from a previous school year the use of national school lunch state categorical funds to pay for or support the salaries of class-size-reduction teachers, the district shall submit a written justification showing how the funds are being used to address an increased academic deficiency or need of the district and is not an attempt to avoid or circumvent the general purpose of reducing the amount of national school lunch state categorical funds used to increase teacher salaries as required and mandated by Ark. Code Ann. § 6-20-2305.
 - 6.06.3.4 National school lunch state categorical funds to support the salaries of the class-size reduction teachers shall be used only to reduce the pupil-to-teacher ratios required by the Standards for Accreditation for each single grade level.
- 6.07 National school lunch state categorical funding shall be expended for eligible program(s) or purpose(s) that are research-based and aligned to the Arkansas Content Standards for improving instruction and increasing achievement of students at risk of not meeting challenging academic standards. These programs

or purposes include:

6.07.1 Employing instructional facilitators or Literacy, Mathematics, or Science Specialists/Coaches (K-12) that meet the following requirements:

6.07.1.1 The Specialists/Coaches and instructional facilitators are educators who assist in curriculum alignment with state curriculum documents; alignment of classroom assessment with statewide exams; instructional strategies; professional development and implementation of training; choice of standards-based instructional materials; understanding of current research; advantageous arrangement of the instructional day; and integrating technology into instruction.

6.07.1.2 Qualifications for Specialists/Coaches (K-12) and Instructional Facilitators:

- At least four years of recent teaching experience in appropriate content areas within grades K-12
- Knowledge of Arkansas Curriculum Framework
- Knowledge of current research and effective practices in standards-based curriculum, instruction, and assessment
- Experience in adult learning situations and in team problem solving
- A bachelor's degree (a master's degree would be preferred)
- Or completion of the required two-year training and teaching components of the Teach for America Program

6.07.2 Providing research-based professional development in the areas of literacy, mathematics, or science in grades Kindergarten through twelfth grade (K-12) subject to the requirements of the Department Rules Governing Professional Development.

6.07.3 Employing highly qualified classroom teachers in grades Kindergarten through twelfth grade (K-12) pursuant to the restrictions set forth in Section 6.06 of this Rule.

6.07.4 Providing research-based before and after-school academic programs, including transportation to and from the programs.

6.07.5 Providing research-based pre-kindergarten programs that meet the program standards as outlined in the Rules Governing the Arkansas Better Chance program.

6.07.6 Employing Tutors:

6.07.6.1 Tutors must be able to demonstrate competency (as

determined locally) in each area where instruction is provided.

6.07.6.2 Tutors must work under the supervision of highly qualified classroom teachers.

6.07.7 Employing Teacher's Aides:

6.07.7.1 Teacher's aides must be highly qualified.

6.07.7.2 Teacher's aides must work under the direct supervision of highly qualified teachers.

6.07.8 Employing licensed counselors and nurses above the mandates of the Standards for Accreditation of Arkansas Public Schools and School Districts or other rule or law.

6.07.9 Employing coordinated school health coordinator

6.07.10 Employing human service workers

6.07.11 Employing licensed mental health counselors

6.07.12 Employing licensed certified social workers or licensed social workers

6.07.13 Employing Curriculum Specialists:

6.07.13.1 The Curriculum Specialists shall meet current licensure requirements that are outlined in the Rules Governing Initial and Standard Administrator Licensure.

6.07.14 Employing School Resource Officers (SRO) whose job duties include research-based methods and strategies tied to improving achievement of students at risk.

6.07.15 Providing experience-based field trips.

6.07.16 Providing parent education that addresses the whole child.

6.07.17 Providing summer programs that implement research-based methods and strategies targeted at closing the achievement gap, other than programs authorized under section 6.07.28.

6.07.18 Providing early intervention programs, to include:

6.07.18.1 Short-term, intensive, focused, individualized, research-based instruction developed from ongoing, daily, systematic diagnosis that occurs while a child is beginning

in the initial, kindergarten through grade one (K-1), stages of learning social skills, early reading, writing, and mathematical strategies to ensure acquisition of the basic skills and to prevent the child from developing poor behavior and problem-solving habits which become difficult to change; and

- 6.07.18.2 Short-term, intensive, focused, individualized, research-based instruction developed from ongoing, daily, systematic diagnosis in grades three through twelve (3-12) to prevent failure and close the achievement gap.
- 6.07.19 Obtaining materials, supplies, and equipment, including technology, used in approved instructional programs or for approved purposes in support of the local educational agency's ACSIP.
- 6.07.20 Paying the expenses of federal child nutrition programs to the extent necessary to provide school meals without charge to all students under the United States Department of Agriculture Special Assistance Alternative "Provision 2" program under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. § 245.9.
- 6.07.21 Paying the expenses of federal child nutrition programs to the extent necessary to provide school meals without charge to students otherwise eligible for reduced-price meals under federal law or regulations governing the United States Department of Agriculture's National School Lunch Program or School Breakfast Program.
- 6.07.22 Paying expenses directly related to funding a longer school day.
- 6.07.23 Paying expenses directly related to funding a longer school year.
- 6.07.24 Partnering with local institutions of higher education to remediate students while those students are still in high school so that the students are college and career ready upon graduation from high school.
- 6.07.25 Providing Teach For America professional development.
- 6.07.26 Implementing components of the Arkansas Advanced Initiative for Math and Science.
- 6.07.27 Employing College and Career Coaches, as defined by the Department of Career Education.
- 6.07.28 Operating or supporting a postsecondary preparatory program authorized under Ark. Code Ann. § 6-16-601 et seq.

- 6.07.29 Expenditures required under Section 6.05.1 of these Rules.
 - 6.07.30 Paying for students in grade eleven (11) to take the ACT Assessment, pursuant to the Voluntary Universal ACT Assessment Program, Ark. Code Ann. § 6-18-1601 et seq.
 - 6.07.31 Developing and implementing interim building-level assessments to monitor student progress toward proficiency on the state benchmark assessments.
 - 6.07.32 Other activities approved by the ADE that will further the purposes of this Section 6.07. Such activities include, but are not limited to, research-based activities and activities directed at chronically underperforming schools.
- 6.08 Use of national school lunch state categorical funds shall be included within the school or school district's ACSIP. The ACSIP will include how the funds will be spent, the person(s) responsible, a timeline, and the total amount of NSLA funds budgeted.
- 6.08.1 The district shall evaluate programs supported by national school lunch state categorical funds annually to ensure that the programs are providing intervention/prevention services designed to increase student achievement.
 - 6.08.2 The district shall maintain documentation that supports gains in student achievement as measured by the state assessment system.
 - 6.08.3 The total NSLA funds budgeted in ACSIP shall agree with the total NSLA expenditures budgeted in the school or school district's financial management software.
- 6.09 National school lunch state categorical funding may be carried over from one fiscal year to the next, but these funds shall remain restricted to priority areas as defined in these Rules or law except as otherwise allowed by law or rule.
- 6.10 National school lunch state categorical funding is restricted state aid, except as otherwise allowed by law or Rule.
- 6.11 Use of excess national school lunch state categorical funds to supplement teacher salaries.
- 6.11.1 School districts that have met the needs of students for whom the national school lunch state categorical funds are provided, and that have excess national school lunch state categorical funds, may request to use the excess national school lunch state categorical funds to supplement teacher salaries under the following conditions:

- 6.11.1.1 The school district shall not use any portion of the national school lunch state categorical funds that are carry forward or reserve funds as a supplement to classroom teacher salaries.
- 6.11.1.2 The school district is meeting the minimum teacher salary schedule under Ark. Code Ann. § 6-17-2403 without using national school lunch state categorical funds.
- 6.11.1.3 The school district is in full compliance with the rules and laws governing the Standards for Accreditation of Arkansas Public Schools and School Districts under Ark. Code Ann. § 6-15-201 et seq. and the rules and laws governing the Arkansas Fiscal and Accountability Program under Ark. Code Ann. § 6-20-1901 et seq. without using current year, carry forward or reserve national school lunch state categorical funds.
- 6.11.1.4 The school district shall not allocate or use any excess national school lunch state categorical funds in any manner except to supplement teacher salaries, unless in accordance with the transfer provisions stated in section 8.00 of this rule.
- 6.11.1.5 Excess national school lunch state categorical funds used as a bonus to supplement teacher salaries shall not be considered a permanent obligation under the school district's teacher salary schedule.
- 6.11.1.6 The school district will include the amount and uses of excess national school lunch state categorical funds in its ACSIP.
- 6.11.1.7 The district has met or is meeting the adequate educational needs of students.
- 6.11.1.8 The district has prudently managed its resources
- 6.11.1.9 The district has met all requirements of Section 6.11 of this Rule
- 6.11.1.10 If the district used excess national school lunch state categorical funds in the prior year to supplement teacher salaries, the district has submitted the required report on prior year expenditures as required by Section 6.11.5.
- 6.11.1.11 The district has submitted the portion of its ACSIP that described the uses of national school lunch state categorical funds.
- 6.11.1.12 No more than 20% of the total of current year national school

lunch state categorical funds may be used as a supplement to teacher salaries above the minimum teacher salary schedule.

6.11.2 A school district requesting to use excess national school lunch state categorical funds as a supplement to the minimum teacher salary schedule under Ark. Code Ann. § 6-17-2403 shall provide the following information to the Commissioner of Education, or designee, by February 15 of the school year for which approval is requested:

6.11.2.1 A statement of assurance attesting to compliance with section 6.11.1 of these Rules

6.11.2.2 The actual amount of excess national school lunch state categorical funds used to supplement salaries above the required minimum salary schedule in the previous school year, the actual amount of total national school lunch state categorical funds received in the previous school year, and the actual percentage of national school lunch state categorical funds used as a supplement above the required minimum salary schedule to total national school state categorical funds received.

6.11.2.3 The budgeted amount of excess national school lunch state categorical funds used to supplement salaries above the required minimum salary schedule in the current school year, the budgeted amount of total national school lunch state categorical funds received in the current school year, and the calculated percentage of national school lunch state categorical funds used as a supplement above the required minimum salary schedule to total national school lunch state categorical funds received in the current year.

6.11.2.4 No more than twenty percent (20%) of the total of current year national school lunch state categorical funds may be used as a supplement to teacher salaries above the minimum teacher salary schedule.

6.11.2.5 No school district shall use national school lunch state categorical funds to supplement salaries above the required minimum salary schedule without first obtaining the express written approval of the Commissioner of Education or his/her designee.

6.11.3 A school district requesting to use excess national school lunch state categorical funds as a supplement in the form of a bonus, shall provide the following information to the Commissioner of Education, or designee, by

February 15 of the school year for which approval is requested.

6.11.3.1 A statement of assurance attesting to compliance with section 6.11.1 of this Rule.

6.11.3.2 The information required in Section 6.11.2, and any other information requested by the ADE.

6.11.3.3 The amount of funds to be used as a bonus.

6.11.3.4 The total amount of national school lunch state categorical funds the district will receive in that year.

6.11.3.5 In response to the district's request, the Commissioner shall evaluate the district's test scores against the state averages as one indicator of how the district has met the educational needs of students. Tests may include, but not be limited to, grades three (3) through eight (8) state required benchmark exams in math and literacy and state required end-of-course exams for algebra, biology, geometry, and literacy.

6.11.3.6 As additional assessment data becomes available, it may also be included in the Commissioner's review.

6.11.3.7 No school district shall use national school lunch state categorical funds as a bonus without first obtaining the express written approval of the Commissioner of Education or his/her designee.

6.11.4 Upon review of the information required in Section 6.11.2, 6.11.3, and any other information requested by the ADE, if the Commissioner of Education, or designee, determines the school district has met the needs of students, has prudently managed its resources, and has complied with these Rules and the law, the Commissioner shall give written approval of the use of excess national school lunch state categorical funds to supplement teacher salaries.

6.11.4.1 Such approval is limited to one school year.

6.11.5 By September 15 of each school year, any school district that received written approval to use national school lunch state categorical funds as a supplement to teacher salaries in the previous school year shall issue a written report to the Commissioner of Education listing:

6.11.5.1 Each program upon which national school lunch state categorical funds were expended.

6.11.5.2 The actual amount of national school lunch state categorical funds expended on each program.

6.11.5.3 Information required in Section 6.11.2 and 6.11.3, and any other information requested by the ADE.

6.11.6 Only those school districts which previously used or applied excess national school lunch state categorical funds to supplement the teacher salary schedule for all classroom teachers in the district as part of a salary obligation may continue to use national school lunch state categorical funds as a salary obligation to the extent the district has received approval from the Commissioner of Education under Section 6.12 and the district is in full compliance with these Rules.

6.12 Monitoring and compliance for use of NSLA funds

6.12.1 At any time during a school year, the Department may review:

6.12.1.1 A school district's Arkansas Comprehensive School Improvement Plan;

6.12.1.2 Reports and information required by these Rules;

6.12.1.3 Test data;

6.12.1.4 Financial data; or

6.12.1.5 Other indicators of a school district's compliance with these rules and with the purpose of meeting the needs of students served by national school lunch state categorical funds.

6.12.2 Upon review, the Commissioner of Education or his/her designee may take one or both actions allowed by Section 6.12.3 if the Commissioner determines that a school district:

6.12.2.1 Has not met the needs of students that may be served by national school lunch state categorical funds;

6.12.2.2 Provided false or misleading information; or

6.12.2.3 Failed to comply with the provisions of the district's submitted plans without obtaining ADE approval.

6.12.3 Upon a determination under Section 6.12.2 above, the Commissioner may:

- 6.12.3.1 Require that any and all national school lunch state categorical funds dedicated for use or application as a bonus shall be removed from and not used as a bonus; or
 - 6.12.3.2 Require the school district to redirect the national school lunch state categorical funds to meet other educational needs of the students of that district.
- 6.13 By June 30, 2012, and by June 30 of each year thereafter, a school district shall expend a minimum of eighty-five percent (85%) of the school district's current-year national school lunch state categorical funding allocation in a manner permitted under these Rules.
 - 6.13.1 A school district that on June 30, 2012, has a national school lunch state categorical funding balance in excess of fifteen percent (15%) of the school district's current year national school lunch state categorical funding allocation shall reduce its total national school lunch state categorical funding balance by at least ten percent (10%) each year so that by June 30, 2022, and by June 30 of each year thereafter, the school district has a balance of no more than fifteen percent (15%) of the school district's current year national school lunch state categorical funding allocation.
 - 6.13.2 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 Department of Education waive the requirements of this Section 6.13.
 - 6.13.2.1 A school district seeking a waiver shall file a waiver request with the Commissioner of Education, accompanied by a resolution adopted by the school district's board of directors, describing the unusual and limited circumstances.
 - 6.13.2.2 The Commissioner may grant a waiver request under this Section 6.13 for up to one (1) year if the Commissioner finds that the request is necessary based upon the unusual and limited circumstances.
 - 6.13.3 The department shall monitor on a yearly basis each school district's compliance with the requirements of this Section 6.13.
 - 6.13.4 If a school district fails to comply with the requirements of this Section 6.13 during a school year, the department 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 Section 6.13.

6.13.4.1 The department may redistribute amounts withheld under this Section 6.13.4 to other school districts entitled to receive national school lunch state categorical funding allocations.

7.00 Special Needs - Professional Development

7.01 The Professional Development funding amount shall be an amount up to the amount authorized by law times the district's ADM of the previous school year.

7.02 Professional Development funding shall be expended for:

7.02.1 Approved professional development activities and materials, as required by the Teacher Excellence and Support System, Ark. Code Ann. § 6-17-2801 et seq., by other law or rule, or by the school district, that:

7.02.1.1 Improve the knowledge, skills, and effectiveness of teachers;

7.02.1.2 Address the knowledge and skills of administrators, and paraprofessionals concerning effective instructional strategies, methods, and skills; and

7.02.1.3 Lead to improved student academic achievement;

7.02.2 Employing instructional facilitators or literacy, mathematics, or science specialists/coaches (K-12) as described in these Rules; and

7.02.3 Training for school bus drivers in compliance with rules promulgated by the Commission for Arkansas Public School Academic Facilities and Transportation.

7.03 Districts may expend state Professional Development funding to provide the requisite hours of professional development required by Rule or law.

7.04 Professional Development funding is restricted state aid. Professional Development funding shall be spent on activities identified in these Rules, except as otherwise allowed by law or Rule.

7.05 Professional Development funding may be carried over from one fiscal year to the next, but these funds shall remain restricted to priority areas as defined in these Rules except as otherwise allowed by law or rule.

- 7.06 Professional Development activities and funding shall be included in the district's ACSIP.
 - 7.06.1 Use of Professional Development funds shall be included within the school or school district's ACSIP. The ACSIP will include how the funds will be spent, the person(s) responsible, a timeline, and the total amount of Professional Development funds budgeted.
 - 7.06.2 The district shall annually evaluate professional development implementation supported by Professional Development funds to ensure that:
 - 7.06.2.1 Professional development is implemented as designed in the school and school district's ACSIP; and
 - 7.06.2.2 Professional development as implemented by the school or district provides intervention prevention services designed to increase student achievement.
 - 7.06.3 Evaluation data regarding the implementation and effect of professional development should be utilized in ACSIP to determine future professional development plans.
 - 7.06.4 The total Professional Development funds budgeted in ACSIP shall agree with the total Professional Development expenditures budgeted in the school or school district's financial management software.

8.00 Financial Accounting for Special Needs State Funding for ALE, ELL, National School Lunch Students, and Professional Development

- 8.01 After having provided programs designed to meet the needs of students in the respective categorical funding areas, a school district may transfer and expend funds on any of the special needs categories allowed for in these Rules.
- 8.02 Special needs state funding of ALE, ELL, National School Lunch students, and Professional Development may be used for any of the expenditures identified in these Rules.
- 8.03 Districts shall report the funds received under each special needs state funding category.
- 8.04 Districts shall report the expenditures of all special needs state funds as required by law, including, but not limited to, fund balances remaining on June 30 of each year.
- 8.05 The funds received, transferred, expended, and carried over shall balance.

- 8.06 If the ADE determines that a district would lose any federal funding due to these explicated expenditure requirements, the special needs state funds may be expended for other academic programs or salaries, as permitted by the ADE.

9.00 Categorical Fund Balances

- 9.01 As of June 30 of each school year, the total aggregate balance of all state categorical fund sources shall not exceed twenty percent (20%) of the total aggregate annual state categorical fund allocations for the current school year, except as provided herein.

9.01.1 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 that 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.

9.01.2 The annual reduction required under section 9.01.1 shall be a minimum of ten percent (10%) of the total excess balances of all state categorical fund sources as of June 30, 2012.

- 9.02 A school district may transfer funds received from any categorical fund source to another categorical fund source.

- 9.03 The department shall monitor on a yearly basis each school district's compliance with the requirements of Ark. Code Ann. § 6-20-2305(e) and this section 9.0.

9.03.1 If a school district fails to comply with the requirements of Ark. Code Ann. § 6-20-2305(e) or this section 9.0 during a school year, the department 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 Ark. Code Ann. § 6-20-2305(e) and this section 9.0.

9.03.2 The department may redistribute amounts withheld under Ark. Code Ann. § 6-20-2305(e) and this section 9.0 to other school districts entitled to receive categorical funding allocations.

Approved Memos: Aggregate Categorical Funds Balance Per Act 1220



APPENDIX 4

[Alert Me](#) | [Version History](#)

Title	Aggregate Categorical Funds Balance Per Act 1220
Memo Number	FIN-12-095
Memo Date	4/17/2012
Attention	Co-op Directors; Superintendents; Bookkeepers
Memo Type	Regulatory
Response Required	No
Section	Fiscal & Administrative Services
Regulatory Authority	Ark. Code Ann. §6-20-2305(e)
Contact Person	Patty Martin
Phone Number	(501) 682-1114
E-Mail	patricia.martin@arkansas.gov
Memo Text	<p>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.</p>

In the attached spreadsheet, [20% of Categorical Funds](#), the column "20% of Total Categorical Funds" reflects the aggregate categorical funds balance a school district should have as of June 30, 2012, to be in compliance with Act 1220.

The data supporting the amount in the column "Aggregate Categorical Funds Balances March 31, 2012" is provided in the attachment: [All Cat Fund Balances FY12 March 31, 2012](#).

The column "20% of Funding Versus Categorical Fund Blcs" is the difference in the first two columns.

The attachment [20 Percent of Categorical Funds Example](#) is provided to assist in projecting the June 30, 2013, balance of categorical funds.

All of this data is provided to assist in gauging your progress towards compliance with Act 1220. We fully recognize there are three more months of expenditures that will be used in the final calculation of this requirement. As stated in law, if the June 30, 2012, aggregate balance of all state categorical funds exceeds 20% of the aggregate of current year categorical funding, you are required to reduce the aggregate balance by at least 10% in the 2012-2013 school year.

If you make budget changes to reduce your aggregate categorical funds balance, please be sure to update the ACSIP also.

Data Sources:

"20% of Total Categorical Funds" is 20% of the sum of ALE, ELL, NSLA, and PD Funding. This data is reported on the State Aid Notice 2011-2012 Preliminary, as of February 29, 2012, as published on the ADE website: <http://arkansased.org/about/pdf/reports/STAIIDFINAL%202011-12%2002%2029%2012.pdf>

The data used in "Aggregate Categorical Funds Balances March 31, 2012" is available in the attachment: [All Cat Fund Balances FY 12 March 31, 2012](#)

Act 1220 of 2011 is codified at Ark. Code Ann. §6-20-2305(b)(4)(F)(i). The Act is attached.

Attachments

[20 Percent of Categorical Funds.xlsx.pdf](#)
[20 Percent of Categorical Funds Example.pdf](#)
[Act 1220 of 2011.pdf](#)
[All Cat Fund Balances FY 12 March 31, 2012.pdf](#)

Version: 19.0

Created at 4/17/2012 9:22 AM by [Lynn Kinsey \(ADE\)](#)

Last modified at 4/19/2012 2:44 PM by [Seth Blomeley \(ADE\)](#)

Approved Memos: NSLA Fund Balances, per Act 1220



APPENDIX 5

[Alert Me](#) | [Version History](#)

Title	NSLA Fund Balances, per Act 1220
Memo Number	FIN-12-094
Memo Date	4/17/2012
Attention	Co-op Directors; Superintendents; Bookkeepers
Memo Type	Regulatory
Response Required	No
Section	Fiscal & Administrative Services
Regulatory Authority	Ark Code Ann. §6-20-2305(b)(4)(F)
Contact Person	Patty Martin
Phone Number	(501) 682-1114
E-Mail	patricia.martin@arkansas.gov
Memo Text	<p>A school district that on June 30, 2012, has a national school lunch state categorical funding balance in excess of fifteen percent (15%) of the school district's current year annual national school lunch state categorical funding allocation shall reduce its total national school lunch state categorical funding balance by at least ten percent (10%) each year so that by June 30, 2022, and by June 30 of each year thereafter, the school district has a balance of no more than fifteen percent (15%) of the school district's current year annual national school lunch state categorical funding allocation.</p> <p>In the attachment 15% NSLA Fund Balance, the column "15% of Total NSLA Funds" reflects 15% of the school district's current year (11-12) national school lunch state categorical funding allocation.</p> <p>The data supporting the amount in column "District NSLA Fund Balance March 31, 2012" is provided in the attachment FY12 NSLA Fund Blc thru March 31, 2012, and includes all expenditures coded to Source of Funds 1281 and 2281.</p> <p>The column "Fund Balance Versus 15% of NSLA Funds" is the difference in the first two columns.</p> <p>The attachment Fifteen Percent of NSLA Funds Example is provided to assist in projecting the June 30, 2013, NSLA Fund Balance.</p> <p>This information is provided to assist in gauging your progress towards compliance with Act 1220. We fully recognize there are three more months of expenditures that will be used in the final calculation of this requirement. If you make budget changes to reduce your NSLA Fund balance, please be sure to update the ACSIP also.</p> <p>Data Sources: "15% of Total NSLA Funds" is 15% of the sum of NSLA, NSLA Transitional,</p>

and NSLA Growth funds times 85%. This data is reported on the State Aid Notice 2011-2012 Preliminary, as of February 29, 2012, as published on the ADE website: <http://arkansased.org/about/pdf/reports/STAIIDFINAL%202011-12%2002%2029%2012.pdf>

The data used in "District NSLA Fund Balance March 31, 2012" is available in the attached spreadsheet: [FY12 NSLA Fund Blc thru March 31, 2012](#).

Act 1220 of 2011 is codified at Ark. Code Ann. §6-20-2305(b)(4)(F)(i) and is attached.

Attachments

[15 Percent NSLA Fund Balance.pdf](#)
[15 Percent of NSLA Funds Example.pdf](#)
[Act 1220 of 2011.pdf](#)
[FY 12 NSLA Fund Blc thru March 31 2012.pdf](#)

Version: 21.0

Created at 4/17/2012 9:05 AM by [Lynn Kinsey \(ADE\)](#)

Last modified at 4/19/2012 2:43 PM by [Seth Blomeley \(ADE\)](#)

CERTIFICATE OF APPOINTMENT

AS

DISTRICT TREASURER OF THE _____ DISTRICT LEA _____

I, _____, the duly elected, qualified and acting Secretary of the _____ District LEA _____ do hereby certify that at a regular meeting of the Board of Directors of said District held on _____, _____ was nominated and elected as District Treasurer to serve until his/her successor shall have been appointed and qualified. The appointment is effective _____.

In witness whereof, I have hereunto affixed my signature on this _____ Day of _____, _____.

District LEA

BY: _____
Secretary

Seal

Cc: County Clerk
County Treasurer
Director of the **Department of Finance & Administration** (A.C.A. § 6-13-701)



Arkansas

DIRECTOR'S COMMUNICATION

DEPARTMENT OF EDUCATION

4 State Capitol Mall Little Rock, Arkansas 72201-1071 (501) 682-4475
Dr. Kenneth James, Director

Memo Number : FIN-09-047

Date Created : 01/29/2009

Attention:

Superintendents
Co-op Directors
other: District Business/Financial Officers

Type of Memo: Administrative

Response Required: No

Section: Fiscal and Administrative Services - William J. Goff, Assistant Commissioner

Subject:
New Financial Coding Requirement for
2009/2010

Contact Person:
Kathleen Crain

Regulatory Authority:
Ark.. Code Ann. Â§ 6-20-2203

Phone Number:
501-682-4887

E-mail:
kathleen.crain@arkansas.gov

Beginning with the 2009-2010 fiscal year (July 1, 2009), Source of Fund Code 000 and Source of Fund codes in the range of 100-199 are to be used solely with Foundation Funding and Enhanced Funding. All expenditures from Foundation Funding and Enhanced Funding must be charged to either Fund 1 (Teacher Salary) or Fund 2 (Operating).

Foundation Funding includes state funding (revenue code 31101), the revenue resulting from the 25 mills Uniform Rate of Tax (URT), and miscellaneous funds revenue.

Miscellaneous funds revenue include:

Federal Forest Reserves (42100),
Federal Grazing Rights (42400),
Federal Mineral Rights (42300),
Federal Impact Aid (42500),
Federal Flood Control (42200),
Wildlife Refuge Funds (41200),
Severance Taxes (21200),
Revenue in Lieu of Taxes (12800),
and Local Sales and Use Taxes Dedicated to Education (11200).

Enhanced Funding includes state funding in revenue code 31102.

If districts have voted Maintenance and Operations mills in excess of the 25 mills URT, and/or excess Debt Service mills (voted debt service mills not needed to service bonded debt), the Arkansas Department of Education (ADE) will adjust expenditures to account for the mills above the URT. Therefore districts should code expenditures from Maintenance and Operations mills above 25 and excess Debt Service mills as though the expenditures are from foundation funding.

A more detailed explanation of this financial coding requirement was posted to the FMS listserv on December 19, 2008. A copy is attached for reference purposes.

Attachments:

- [Coding Change 0910 email](#)



[Back to the Customer List](#)

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Approved Memos: New Financial Coding Requirements for 2011-2012



APPENDIX 8

Version History

Title	New Financial Coding Requirements for 2011-2012
Memo Number	FIN-11-080
Memo Date	4/1/2011
Attention	Co-op Directors; Superintendents; General Business Managers
Memo Type	Regulatory
Response Required	No
Section	Fiscal & Administrative Services
Regulatory Authority	A.C.A. §6-20-2207
Contact Person	Kathleen Crain
Phone Number	(501) 682-2887
E-Mail	Kathleen.Crain@arkansas.gov
Memo Text	<p>Commissioner's Memo FIN-09-047, dated January 29, 2009, contained financial coding requirements for the 2009-2010 school year for revenues and expenditures specific to foundation funding. The coding changes explained by FIN-09-047 were implemented due to the following motion approved by the House and Senate Joint Education Committee on Monday, November 24, 2008:</p> <p>“By motion made by Representative Abernathy, the Education Committee requests ADE (Arkansas Department of Education), BLR (Bureau of Legislative Research), and AASBO (Arkansas Association of School Business Officials) to determine if financial coding changes are required in order to better compare school district expenditures with the components of the Adequacy Funding Matrix. The Committee requests that any required changes be communicated by the ADE to school districts no later than January 31, 2009.”</p> <p>The coding changes implemented as a result of FIN-09-047 did improve the state's ability to compare school district expenditures with the components of the Adequacy Funding Matrix. Beginning with the 2009-2010 school year, school districts were required to charge expenditures related to meeting Adequacy to either the Teacher Salary Fund (Fund 1) or the Operating Fund (Fund 2) and Source of Funds 000 and/or 100-199. Foundation funding is defined in Arkansas Code Annotated (ACA) §6-20-2305 (a)(2) and for the 2010-2011 school year is \$6,023 multiplied by the prior year's three-quarter average daily membership (ADM).</p> <p>Based on the coding requirements specified in FIN-09-047, districts will likely have revenue recorded in funds 1000, 1100-1199, 2000 and 2100-2199, that exceeds foundation funding. This additional revenue will be due to voted Maintenance and Operations mills in excess of the 25 mills Uniform Rate of Tax (URT), excess debt-service mills, miscellaneous funds in excess of the calculated amount shown on the state-aid notice, and</p>

beginning fund balances containing revenue from a variety of sources other than foundation funding. In order to limit these funds to only the revenue from foundation funding, the following requirement will be implemented beginning with the 2011-2012 school year:

No revenue will be recorded in funds 1000, 1100-1199, 2000 and 2100-2199. Revenue previously recorded in fund 2000 should be recorded in fund 2001. A transfer(s) from fund 2001 to fund 2000 equal to the amount of foundation funding defined in ACA §6-20-2305(a)(2) will be made by one or more journal entries. For example, assuming the foundation funding for the 2011-2012 school year is \$6,144 per student, and assuming a district's three-quarter ADM for 2010-2011 is 1000, the amount of the transfer would be \$6,144,000. The transfer, which could be entered one time in July, 2011, will be recorded as follows:

Budget Unit	Object/Account No.	Debit Amount	Credit Amount
2001 5200 000 000 00	69321 Transfer to 2000	\$6,144,000	
2001	01010 Cash in Bank		\$6,144,000
2000	01010 Cash in Bank	\$6,144,000	
2000	52201 Transfer from 2001		\$6,144,000

Object codes 69321 and revenue account code 52201 are new for the 2011-2012 school year.

This will have no effect on how school districts are now required to code expenditures. The expenditure coding requirements implemented for the 2009-2010 school year per Commissioner's Memo FIN-09-047 will continue to apply.

Other coding changes required for the 2011-2012 school year are:

1. Savings from refunding outstanding bonds must be recorded in fund 3300. Any revenue savings received at the time of refunding must be recorded in fund 3300, revenue code 51800. A regular transfer from the Operating Fund to fund 3300 will be required to record the savings each fiscal year when debt payments are made. The initial transfer from the district defined fund for this purpose to fund 3300 must be done before the final close of the 2010-2011 school year.
2. Amounts paid for financial audit services must be recorded in function 2317 and object code 63431.
3. Pathwise Mentoring Pilot Grant (Teacher Licensure) must be coded to Source of Fund 245, Revenue Code 32245.
4. Professional Quality Enhancement Teacher & Administrator Induction Program (Pathwise) must be charged to Source of Fund 246 and Revenue Code 32250.
5. Payments from Operating Fund (fund 2) to Food Service Fund (fund 8):

For ABC Pre-K Students:

Fund 2 object code 69610

Fund 8 revenue code 16211

Amounts in object code 69610 and revenue code 16211 must equal.

For Provision 2 Differentiated Cost:

Fund 2 object code 69620

Fund 8 revenue code 16212

Amounts in object code 69620 and revenue code 16212 must equal.

6. Federal Funds:

Medicaid General Health Services Fund 6752:
ARMAC Revenue Code 45913
Personal Care Revenue Code 45916
Vision & Hearing Revenue Code 45917
Audiology Revenue Code 45918

Medicaid for Preschool Fund 6749 Revenue Code 45679
Medicaid Fund 6750 Revenue Code 45910
School-Based Mental Health
Fund 6751 Revenue Code 45912
Title 1 Fund 6501 – add function 1594 for Neglected Institutions.

Version: 44.0
Created at 4/1/2011 3:10 PM by Lynn Kinsey (ADE)
Last modified at 4/5/2011 7:55 AM by Seth Blomeley (ADE)

Arkansas Department of Education
Rules Governing the Calculation Methods for Declining Enrollment and Student Growth
Funding for Public School Districts
October 2009

1.00 Authority

- 1.01 The Arkansas State Board of Education's authority for promulgating these Rules is pursuant to Ark. Code Ann. §§ 6-11-105 and 6-20-2301 et seq., and Act 1501 of the 2009 Regular Session.
- 1.02 These Rules shall be known as the Arkansas Department of Education (ADE)_Rules Governing the Calculation Methods for Declining Enrollment and Student Growth Funding for Public School Districts (Rules)

2.00 Purpose

- 2.01 The purpose of these Rules is to provide the calculation methods for Declining Enrollment and Student Growth Funding for public school districts.

3.00 Definitions

- 3.01 Average Daily Membership (ADM) means the total number of days of school attended plus the total number of days absent by students in grades kindergarten through 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 to the nearest hundredth.
- 3.02 Current Fiscal Year means the present fiscal year, in progress, beginning on July 1 and ending on the following June 30.
- 3.03 Declining Enrollment Funding means the amount of state financial aid provided to an eligible school district from funds made available for a decline in ADM occurring between the prior fiscal year and the fiscal year prior to the prior fiscal year.
- 3.04 Fiscal Year means the annual school year for Arkansas that consists of the twelve-month period beginning July 1 and ending on the following June 30.
- 3.05 Fiscal Year Prior to the Prior Fiscal Year means the fiscal year preceding the prior fiscal year.
- 3.06 Prior Fiscal Year means the fiscal year immediately preceding the current fiscal year.
- 3.07 Quarterly Average Daily Membership means the ADM for one (1) quarter of a school year used for calculating student growth funding pursuant to Section 5.0 of this Rule.
- 3.08 Special Needs Isolated_Funding means the amount of funding provided for an eligible school district meeting the criteria established in Ark. Code Ann. § 6-20-604.
- 3.09 Student Growth Funding means the amount of state financial aid provided to an eligible school district from funds made available for growth in the ADM occurring between each current fiscal year quarter over the prior fiscal year three-quarter ADM of the school district.

4.00 Declining Enrollment Funding

- 4.01 Declining enrollment funding is provided for an eligible school district that has experienced a decline in ADM in the prior fiscal year compared to the fiscal year prior to the prior fiscal year.
- 4.02 Declining enrollment funding is equal to the ADM of the prior fiscal year, subtracted from the average of the ADM of the prior fiscal year and the ADM of the fiscal year prior to the prior fiscal year, multiplied by the current amount of foundation funding established by the General Assembly.
- 4.03 Pursuant to AR Code Ann. § 6-20-2305 (a) (3) (A), no school district shall receive both declining enrollment funding and special needs isolated funding under AR Code Ann. § 6-20-604.
- 4.04 No school district shall receive both declining enrollment funding and student growth funding under AR Code Ann. § 6-20-2305. These two funding categories are calculated using ADM data from two different time periods. Therefore, within one fiscal year, it is possible for a school district:
- 4.04.1 To qualify for declining enrollment funding due to a decline in prior fiscal year ADM compared to the fiscal year prior to the prior fiscal year; and
- 4.04.2 To qualify for student growth funding due to growth in ADM occurring between one or more of the current fiscal year quarters over the prior fiscal year three-quarter ADM.
- 4.05 The ADE will provide funding of the category or categories of funding that yields the most funding to the school district. The ADE will compare student growth to declining enrollment funding, special needs isolated to declining enrollment funding, or student growth plus special needs isolated funding to declining enrollment funding.
- 4.06 Declining enrollment funding is unrestricted funding. However, under AR Code Ann. § 6-20-2203 each school district receiving declining enrollment funding shall submit to the ADE a report listing the amount of declining enrollment funding received under AR Code Ann. § 6-20-2305 (b), how the funds were expended, the amount expended, and any other information required by the ADE. This report shall be submitted through the Arkansas Public School Computer Network (APSCN) in Cycle 9.

5.00 Student Growth Funding

- 5.01 Student growth funding is calculated as the sum of the following amounts:
- 5.01.1 One quarter (1/4) of the current amount of per student foundation as established by the General Assembly multiplied by the increase, if any, in the school district's:
- 5.01.1.1 Current fiscal year first quarter ADM over prior fiscal year three-quarter ADM;
- 5.01.1.2 Current fiscal year second quarter ADM over prior fiscal year three-quarter ADM;
- 5.01.1.3 Current fiscal year third quarter ADM over prior fiscal year three-quarter ADM; and

5.01.1.4 Current fiscal year fourth quarter ADM over prior fiscal year three-quarter ADM.

- 5.02 By January 31 of each fiscal year, the ADE shall calculate an amount of student growth funding using the current fiscal year quarterly ADM for the first quarter and an estimation of the ADM for the second, third, and fourth quarters. No less than sixty percent (60%) of this amount will be distributed to eligible school districts by January 31.
- 5.03 The estimated ADM for quarters two, three, and four will be calculated by multiplying the current fiscal year quarter one ADM by the respective percentage change in prior fiscal year ADM for quarters two, three, and four over prior fiscal year quarter one ADM.
- 5.04 By April 30 of each fiscal year, the ADE shall distribute to eligible school districts, forty percent (40%) of the amount calculated above (or the balance if less than 40% remains).
- 5.05 By July 31 of each fiscal year, the ADE shall calculate the amount of student growth funding using the actual quarterly ADM for all four (4) quarters of the applicable school year.
- 5.06 By August 31 of the fiscal year following the fiscal year in which the estimated student growth funding is received, if the actual amount is:
 - 5.06.1 More than the estimated amount, the ADE shall distribute the difference to the school district; or
 - 5.06.2 Less than the estimated amount, the school district shall refund the difference to the ADE.
- 5.07 Increases in ADM resulting solely from consolidation or annexation shall be excluded from the student growth funding calculation
- 5.08 No school district shall receive both declining enrollment funding and student growth funding.
- 5.09 Student growth funding is unrestricted funding.

Approved Memos: Preliminary URT Calculations for FY2011-12



APPENDIX 10

Version History

Title	Preliminary URT Calculations for FY2011-12
Memo Number	FIN-12-082
Memo Date	3/9/2012
Attention	Co-op Directors; Superintendents; Business Managers
Memo Type	Informational
Response Required	No
Section	Fiscal & Administrative Services
Regulatory Authority	(4), A.C.A § 26-80-101 (b) (4) (A); A.C.A. § 6-20-2305 (a)
Contact Person	Amy Thomas
Phone Number	(501) 682-4494
E-Mail	Amy.Thomas@arkansas.gov
Memo Text	<p>The Arkansas Department of Education (ADE) has received the “County Treasurer’s Ad Valorem Tax Report – 2011 Summary” (2011 County Treasurer’s Report). As required by A.C.A § 26-80-101 (b) (4) (A) (ii), by January 31 of each year, each county treasurer shall provide an annual summary report of all proceeds generated from ad valorem tax 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 the Treasurer of State, ADE, and the superintendent of the school district to which the proceeds from the uniform rate of tax are distributed by the county. The ad valorem tax revenues disbursed by Arkansas counties during calendar year 2011 and additional data reported by the county treasurers is available for review on the ADE website at http://arkansased.org/about/reports.html under the “Other Reports” section as “Net Revenues Received by School Districts during Calendar Year 2011.”</p> <p>Each school district should verify that the data submitted by the counties agrees with school district records. If discrepancies exist, further investigation should be done in conjunction with the appropriate county officials. If the data originally submitted on the 2011 County Treasurer’s Report is incorrect, the county may submit a revised report to ADE. The deadline for the county to provide a revised report to ADE is March 30, 2012. The ADE will assist as needed.</p>

If the district finds that revenue has been reported on both the "2010 County Template" and the 2011 Treasurer's Report, the district may provide appropriate documentation of the duplicated revenue to ADE on or before March 30, 2012. The ADE will adjust the current year total as needed to account for any such duplication.

According to A.C.A. § 6-20-2305 (a) (4), the ADE shall recoup or distribute the net revenues in excess of or less than 98% of the 25 mills uniform rate of tax (URT), respectively. Furthermore, Attorney General's Opinion No. 2010-094 states that total foundation funding received by each school district from all sources (net revenue, miscellaneous funds, state foundation funding aid, URT adjustment) should equal the per student foundation funding amount (\$6,144 for fiscal year 2011-2012) multiplied by the prior year three-quarter average daily membership. Please note with regard to certain school districts that collected URT revenues in excess of the foundation funding amount, the issue of recoupment is currently before the Arkansas Supreme Court for review. This Commissioner's Memo and its accompanying data are not to be construed as a demand for the repayment of any monies from those school districts. The only action requested at this time is that each of those school districts verifies that the data submitted by the counties agrees with school district records.

Based on the data provided on the 2011 County Treasurer's Report, the ADE has calculated preliminary URT funding adjustments to bring each district's total foundation funding to \$6,144 per student multiplied by the fiscal year 2010-2011 three-quarter average daily membership. Please see the attached file, "Preliminary URT Calculations," for this computation. Each district's URT adjustment is listed in Column K on this file. These adjustments are the result of subtracting the Total Revenue Received (Column J) from the FY12 Foundation Funding Amount due to District (Column D). Negative adjustment amounts indicate the required repayment of funds in excess of the per student foundation funding amount. These repayments must be mailed on or before June 15, 2012 to the Arkansas Department of Education, Four Capitol Mall, Room 105-C, Little Rock, Arkansas 72201.

Attachments[Preliminary URT Calculations2.pdf](#)

Version: 11.0

Created at 3/6/2012 1:40 PM by Lynn Kinsey (ADE)

Last modified at 3/12/2012 3:33 PM by Seth Blomeley (ADE)

**COUNTY TREASURER'S
AD VALOREM TAX REPORT
SCHOOL DISTRICT'S UNIFORM RATE OF TAX CALCULATION
(For Reporting Purposes Only)**

COUNTY _____

DISTRICT _____

LEA # _____

YEAR _____

January 1 - December 31

1	GROSS CURRENT TAXES	
2	GROSS DELINQUENT PERSONAL TAXES (Penalties & Costs included)	
3	GROSS DELINQUENT REAL ESTATE TAXES (Penalties, Costs & Interest included)	
4	96% HOMESTEAD TAX CREDIT	
5	TREASURER AND COLLECTOR EXCESS COMMISSIONS DISTRIBUTED	
6	TREASURER AND COLLECTOR INTEREST EARNED DISTRIBUTED	
7	GROSS STATE LAND REDEMPTIONS (Penalties, Costs & Interest Included)	
8	ADJUSTMENTS (PLUS OR MINUS)	
9	LESS TREASURER'S COMMISSION CHARGED	

TOTAL AD VALOREM TAX

9 TOTAL MILLAGE RATE OF DISTRICT
 SCHOOL MILLAGE RATE
 URT SHARE OF MILLAGE RATE
 RATIO (Minimum of 6 decimal places)

25.00

NET URT REVENUES

--

TREASURER SIGNATURE

PHONE NUMBER

DATE

CC: Arkansas State Treasury
 Arkansas Department of Education
 School Superintendent

urt@artreasury.gov
amy.thomas@arkansas.gov
cindy.hedrick@arkansas.gov

Arkansas Department of Education
Rules Governing the Arkansas Financial Accounting and Reporting System
and Annual Training Requirements

January 16, 2012

1.00 Regulatory Authority

- 1.01 These rules are promulgated pursuant to Ark. Code Ann. §§ 6-11-105, 6-11-128, 6-17-410, 6-20-1805, 6-20-2004, 6-20-2104, 6-20-2202, 6-20-2203 and 6-20-2207.

2.00 Purpose

- 2.01 These rules shall be applied to all school districts, open enrollment charter schools, and education service cooperatives for the purposes of accounting and reporting revenues and expenditures and for providing required training.

3.00 Definitions

For purposes of these rules, the following terms shall be defined to mean:

- 3.01 Annual Financial Budget (AFB) – the annual budget of expenditures and receipts required in Ark. Const. Art. 14, § 3, and Ark. Code Ann. §§ 6-11-128, 6-13-620 and 6-20-2202.
- 3.02 Annual Financial Report (AFR) – the annual report of financial information for the prior fiscal year as required by Ark. Code Ann. §6-20-2202.
- 3.03 Approved Budget (AFB) – a budget (AFB) that has received the required written notification from the Department that the budget presented was not identified as deficient as of February 15 of the current year.
- 3.04 APSCN – Arkansas Public School Computer Network
- 3.05 Arkansas Financial Accounting Handbook – the uniform chart of accounts and related codes which are established by the Department and incorporated into these rules as the “Arkansas Handbook, and used for accounting and financial reporting of all public schools, school districts, open enrollment charter schools, and education service cooperatives.
- 3.06 Athletic Expenditures – all direct and indirect expenses related to interschool athletic programs, prorated if necessary.
- 3.07 Budget (AFB) Review – the process of determining if the AFB submitted to the Department meets the mandated expenditure requirements in effect

for the appropriate year and that budgeted revenue, expenditures and fund balances are reasonable and in compliance with law.

- 3.08 Court-Ordered Desegregation Funding – state funds received by a LEA under a federal court order or a settlement agreement in desegregation litigation.
- 3.09 Deficient – a finding by the Department auditors that budget or financial accountability reports do not meet the mandated expenditure requirements in effect for the appropriate year; that budget or financial accountability reports contain one or more material misstatements of financial information; or that budgeted revenue, expenditures and fund balances are not in compliance with law or Department rules.
- 3.10 Department – the Arkansas Department of Education.
- 3.11 Full-time Equivalent (FTE) – The amount of time an employee works during a school year (July 1 through June 30 of following calendar year) as a percentage of the amount of time a full-time employee in the same position would work during a school year.
- 3.12 Interschool Athletic Program – any athletic program which is organized primarily for the purpose of competing with other schools, public or private; or any athletic program which is subject to regulation by the Arkansas Activities Association.
- 3.13 Interschool Scholastic Activities – any interschool activity program that is outside the regular curriculum, excluding interschool athletic programs as defined by Ark. Code Ann. § 6-20-2002(3), which is organized primarily for the purpose of competing with other schools, public or private; or any program or activity, excluding interschool athletic programs as defined by Ark. Code Ann. § 6-20-2002(3), which is subject to regulation by the Arkansas Activities Association.
- 3.14 Interschool Scholastic Activity Expenditures – all direct and indirect expenses related to interschool scholastic activities, prorated if necessary.
- 3.15 Local Educational Agency (LEA) – all Arkansas public school districts, open-enrollment public charter schools and education service cooperatives.
- 3.16 Material Findings – a financial condition that jeopardizes the fiscal integrity of the school district.
- 3.17 SBE – the Arkansas State Board of Education.

- 3.18 Special Needs Categories – the state funding categories of Alternative Learning Environments, English Language Learners, National School Lunch Act funding, and Professional Development.
- 3.19 State Funds – all money derived from state revenues, specifically including but not limited to, distributions from the Department of Education Public School Fund Account and uniform rate of tax ad valorem property taxes distributed to a public school or school district.
- 3.20 Tier I & II Employees – those employees described as Tier I or Tier II employees in § 7 of this rule.
- 3.21 Tier I & Tier II Training – that training described as Tier I or Tier II training in § 7 of this rule.
- 3.22 Valid Comparisons – comparisons deemed to be relevant to the subject material in substance and scope.

4.00 Annual Financial Report (AFR)

- 4.01 The AFR shall be electronically submitted to the Department by LEAs in the format required by the Department.
- 4.02 APSCN shall have the programs necessary to collect the AFR data available to the LEAs at least fifteen (15) calendar days before the date required to submit the AFR.
- 4.03 The AFR shall be filed electronically with the Department by August 31 of each year. If August 31 is on a weekend or state holiday, the AFR electronic submission shall be on the first work day for state employees following the weekend or state holiday.
 - 4.03.1 For purposes of compliance with these rules, the official date of filing with the Department shall be the date and time the AFR is recorded as received by APSCN.
 - 4.03.2 If errors are discovered in the AFR by either the LEA or the Department, a corrected AFR may be resubmitted by September 15 of the same calendar year it was originally due. If September 15 is on a weekend or state holiday, the resubmission shall be on the first work day for state employees following the weekend or state holiday.
- 4.04 No changes shall be made to the LEA's financial data after it has been submitted to the Department as a part of the AFR, unless the AFR is resubmitted by the deadline specified in 4.03.2 of this rule.

- 4.05 Each LEA shall perform a final close of its fiscal year immediately following its submission of the AFR. If a resubmission is necessary and within the timeframe allowed by 4.03.2 of this rule, APSCN shall be contacted in order to re-open the fiscal year.
- 4.06 The data to be reported in the AFR includes, but is not limited to:
 - 4.06.1 The daily expenditures and receipts of the LEA;
 - 4.06.2 Information on fund balances maintained by the LEA, including without limitation, the:
 - 4.06.2.1 Sources of funds maintained as fund balances, to the extent practicable;
 - 4.06.2.2 Reasons for maintaining, instead of spending, the fund balances;
 - 4.06.2.3 Amount and identification of funds transferred between various funds during the past year;
 - 4.06.2.4 Amount of fund balances dedicated for the construction, maintenance, or repair of academic or athletic facilities.
 - 4.06.2.5 Information sufficient to verify whether funds allocated for educational purposes, including, but not limited to, student academic needs and the maintenance and operation of public school district facilities, are used for their intended purposes or retained by the school district in its fund balances.

5.00 Annual Financial Budget (AFB)

- 5.01 The AFB shall be electronically submitted to the Department by LEAs in the format required by the Department.
- 5.02 The AFB shall be filed electronically with the Department by September 30 of each year. If September 30 is on a weekend or state holiday, the AFB electronic submission shall be on the first work day for state employees following the weekend or state holiday.
 - 5.02.1 For purposes of compliance with these rules, the official date of filing with the Department shall be the date and time the AFB is recorded as received by APSCN.

5.02.2 APSCN shall have the programs necessary to collect the AFB data available to the LEAs at least fifteen(15) calendar days before the date required to submit the AFB.

5.03 The AFB shall be approved by the board of directors of each LEA at a legally held meeting and shall be signed by the president of the board of directors and the ex officio financial secretary of each LEA.

5.03.1 The order or resolution of the local board approving the AFB shall be signed by the president of the local board and the superintendent or director of each LEA.

5.03.2 If the AFB and the order or resolution approving the AFB are not filed with the Department on or before September 30 and as required by these rules, then all warrants or checks issued by the LEA after September 30 shall be declared invalid and the Superintendent and his or her surety shall be liable for any warrants or checks countersigned after the September 30 deadline.

5.03.3 If the AFB and the order or resolution approving the AFB are not filed with the Department on or before September 30 and as required by these rules, the Department shall suspend distribution of all state funded grants and aids for which an LEA is eligible until the reporting requirements of these rules are met in full compliance.

6.00 Full-time Equivalent (FTEs) and Average Salaries

6.01 Information regarding FTEs and Average Salaries shall be electronically submitted to the Department by LEAs in the format required by the Department.

6.02 Information regarding FTEs and Average Salaries shall be filed electronically with the Department by July 31 of each year. If July 31 is on a weekend or state holiday, the electronic submission shall be on the first work day for state employees following the weekend or state holiday.

6.02.1 For purposes of compliance with these rules, the official date of filing with the Department shall be the date and time the electronic submission is recorded as received by APSCN.

6.02.2 APSCN shall have the programs necessary to collect the FTEs and Average Salaries data available to the LEAs at least fifteen(15) calendar days before the date required for submission to the Department.

7.00 Arkansas Handbook

- 7.01 The Department shall establish and implement a uniform chart of accounts and related codes known as the Arkansas Financial Accounting Handbook (Arkansas Handbook) which shall be the uniform chart of accounts and codes utilized in reporting revenues and expenditures.
- 7.01.1 The Arkansas Handbook is hereby incorporated by reference into these rules. However, the Arkansas Handbook is exempt from the rule-making process and may be amended, revised or updated as provided in these rules or law.
- 7.01.2 The amendments, annual revisions, and financial accounting updates to the Arkansas Handbook shall be developed with representatives from the Arkansas Association of School Business Officials, the Education Service Cooperatives, and other school district officials as designated by the Department.
- 7.01.3 Prior to amending the Arkansas Handbook, the Department shall provide written notice via a Commissioner's Memo to the school districts, open enrollment charter schools and education cooperatives. Amendments, annual revisions, and financial accounting updates shall be effective on July 1 of the next fiscal year or 90 days from the date of the issuance of the Commissioner's Memo, whichever is later, unless:
- 7.01.3.1 The Commissioner declares that there is an emergency, at which time the change shall be effective immediately upon the date specified in the Commissioners Memo; or,
- 7.01.3.2 A new program or revenue source requires new accounting codes, at which time the change shall be effective immediately upon the date specified in the Commissioner's Memo; or,
- 7.01.3.3 The change affects only a few school districts and the school districts have mutually agreed to make the change. The change shall be effective immediately upon the date specified in the Commissioner's Memo.
- 7.02 The Arkansas Handbook shall be the chart of accounts and codes utilized by LEAs in making the record of actual revenues and expenditures and the annual budget of revenues and expenditures required by these rules.

8.00 Department Review of LEA Financial Records

8.01 By February 15 of each year, the Financial Accountability Unit of the Department shall review the LEAs' most currently submitted AFR, AFB, FTEs and Average Salaries to determine if the financial records are deficient. Any error related to the coding and reporting of financial information that causes a material misstatement of financial information will be cause for determining a deficiency. A material misstatement occurs whenever the submitted data has more than a ten percent (10%) variance from the correct data or when corrective action is not taken after the Department has sent written notification to an LEA regarding specific errors discovered in the financial records.

8.01.1 Any error related to the coding and reporting of court-ordered desegregation funding that causes a material misstatement of financial information will be cause for determining a deficiency. A material misstatement occurs whenever the submitted data has more than a ten percent (10%) variance from the correct data or when corrective action is not taken after the Department has sent written notification to an LEA regarding specific errors discovered in the financial records.

8.02 The Department review will include, but is not limited to:

8.02.1 State Revenues;

8.02.2 Student Special Needs Expenditures;

8.02.3 Total Expenditures;

8.02.4 Instructional Expenditures;

8.02.5 Extracurricular Expenditures;

8.02.6 Capital Expenditures;

8.02.7 Debt Service Expenditures;

8.02.8 Expenditures of court-ordered desegregation funding;

8.02.9 Teacher Full Time Equivalency data;

8.02.10 Certified salary amounts;

8.02.11 Compliance with the Minimum Teacher Salary schedule;

- 8.02.12 Compliance with gifted and talented programs expenditure requirements in accordance with Ark. Code Ann. § 6-20-2208(c)(6);
 - 8.02.13 Interschool Athletic Expenditures, including salaries with fringe benefits, travel, equipment, supplies and facilities maintenance;
 - 8.02.14 Interschool Scholastic Expenditures, including salaries with fringe benefits, travel, equipment, supplies and facilities maintenance;
 - 8.02.15 The district's Total Athletic Expenditures budgeted for interschool athletic programs that are to be paid from state funds;
 - 8.02.16 The district's Total Scholastic Expenditures budgeted for interschool scholastic programs that are to be paid from state funds;
 - 8.02.17 Expenditure of Federal funds, including school lunch reimbursement;
 - 8.02.18 Verification that fiscal year expenditures did not exceed legal revenues for the same fiscal year;
 - 8.02.19 Verification that proper financial records have been maintained in accordance with the Education Accounting and Reporting System and the Arkansas Handbook.
 - 8.02.20 Verification that fund balances are sufficient to ensure the continuation of educational services and are within parameters set by state and federal law and Department rules.
- 8.03 The Department shall notify in writing, via certified mail, the superintendent or director of the LEA whose financial records are found to be deficient.
- 8.03.1 The notification shall state the deficiency.
- 8.04 The LEA will have thirty (30) days to respond to the Department's notification. The response may include, but is not limited to:
- 8.04.1 A proposed corrective action plan;
 - 8.04.2 A training schedule to educate all pertinent personnel; and

- 8.04.3 A procedure to prevent a repeat of the deficiency.
- 8.05 The response shall not be considered a right of appeal.
- 8.06 If the review determines the financial records of any LEA are deficient as defined in Section 8.01 or otherwise not properly maintained or submitted by the LEA or are not administered in accordance with state or federal laws, SBE rules, or the Arkansas Handbook, then state-funded grants and/or aid that the district would be eligible to receive shall be withheld until the financial issues have been resolved.
- 8.07 The SBE may require the superintendent or director and board members explain and/or appear before the SBE to explain why the district is not complying with state laws or rules.
- 8.08 Upon written notice of approval by the Financial Accountability Unit, the Department shall file copies of the approved budget with the LEA and the county treasurer.
- 8.09 It is the duty of the State to monitor LEA financial records, Arkansas Comprehensive School Improvement Plan, or any other pertinent records, to ensure the following:
 - 8.09.1 District expenditures meet the minimum teacher salary schedule;
 - 8.09.2 District expenditures benefit students in special needs categories;
 - 8.09.3 District expenditures are used to improve the educational opportunity of each child;
 - 8.09.4 District expenditures are used to provide an equal opportunity for each child;
 - 8.09.5 District expenditures are used to meet the Standards of Accreditation;
 - 8.09.6 The District has provided the SBE and the Department with a report of the school district's total athletic expenditures paid from state funds for the previous year;
 - 8.09.7 The district has provided the SBE and the Department with a budget for the school district's total athletic expenditures to be paid from state funds for the upcoming year; and
 - 8.09.8 The district has provided the SBE and the Department with any additional information or documentation requested for the

purpose of showing compliance with state laws, including but not limited to Ark. Code Ann. § 6-20-2208, federal laws and Department rules.

- 8.10 The Department shall have the authority to review, analyze and inspect the financial records of any LEA in order to verify that an LEA is correctly and accurately reporting revenues and expenditures in accordance with the Arkansas Handbook.
- 8.11 The Department shall submit a report titled “Annual Statistical Report (ASR) to the Governor, the Senate Interim Committee on Education, and the House Interim Committee on Education by February 15 of each year concerning LEA revenue, expenditures, legal balances (total and unrestricted), FTEs, average salaries and any other financial information required by law.
 - 8.11.1 The revenue and expenditures will reflect the prior year actual (ended June 30) and the current year budget (beginning July 1).
 - 8.11.2 The total legal balance will be as of June 30 of the prior year and will contain the total balances of the Salary, Operating and Debt Service Funds.
 - 8.11.3 The unrestricted legal balance will be the total legal balance less restricted funds.
 - 8.11.4 The FTEs and average salaries will be for the prior year ended June 30.

9.00 Required Reports

- 9.01 The Department shall publish by July 1 of each year, via Commissioner’s Memo, a list of all required financial accountability reports, that are not a part of a cycle report submitted through APSCN, with due dates.
- 9.02 The Department shall submit a written notice via certified mail on or before February 15 of each year to those school districts, open enrollment charter schools and education service cooperatives whose budget or financial reports are identified as deficient. Likewise, the Department will issue a Commissioner’s Memo on or before February 15 of each year indicating which school districts, open enrollment charter schools or education service cooperatives budgets are identified as approved.
- 9.03 Each county clerk is required to provide to the Department an annual Abstract of Assessment by March 15 of each year.

- 9.03.1 The treasurer of the state shall withhold the monthly distribution of county aid from any county that fails to provide the annual Abstract of Assessment by March 15 for each school district located wholly or in part in the county.
- 9.03.2 The Department shall establish the required format for the Abstract of Assessment, to include:
 - 9.03.2.1 The previous calendar year's property assessment that will be used for ad valorem tax collections in the current year.
 - 9.03.2.2 The millage rates, which shall be listed by the type of millage, levied against that property assessment.
 - 9.03.2.3 In cases that administratively consolidated school districts do not have a unified millage rate, the county clerk shall submit the assessment data in a form specified by the Department.
- 9.03.3 To consider a county in compliance with this filing requirement, the Department must receive all data no later than March 15 of each year.
- 9.04 By January 31, 2012, and by January 31 of each year thereafter, each county treasurer shall provide an annual summary report of all proceeds generated from ad valorem tax 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 the:
 - 9.04.1 Treasurer of State;
 - 9.04.2 Department of Education; and
 - 9.04.3 Superintendent of the school district to which the proceeds from the uniform rate of tax are distributed by the county.
 - 9.04.4 Failure of the county treasurer to report the annual summary required by 9.04 of this rule shall result in the withholding of all reappraisal funding provided under Ark. Code Ann. § 26-26-1907 until the county treasurer provides the annual summary report. Funds withheld are forfeited as follows:
 - 9.04.4.1 Twenty percent (20%) of withheld reappraisal funds are forfeited every two (2) months of noncompliance; and

- 9.04.4.2 After ten (10) months of noncompliance, the total amount of withheld reappraisal funds are forfeited.
 - 9.04.4.3 A county is not relieved of the requirement to reappraise property and funding for reappraisal shall be by local taxing unit sources until the county provides the required annual summary report.
 - 9.04.4.4 The Department shall notify the Assessment Coordination Department if a county treasurer fails to comply with 9.04 of this rule and withholding of reappraisal funding is authorized by Ark. Code Ann. § 26-80-101.
- 9.05 By September 1 of each year, any school district that received court-ordered desegregation funding for the prior school year shall report to the Department the following:
- 9.05.1 The total amount of state funding received under the federal court order or settlement agreement in the prior school year;
 - 9.05.2 A detailed statement outlining the school district's obligations under the federal court order, settlement agreement, or court-approved remedial plan, including without limitation:
 - 9.05.2.1 Programs that the school district is required to administer;
 - 9.05.2.2 Specific goals that the school district is required to reach;
 - 9.05.2.3 Actions that the school district is required to take or are prohibited from taking;
 - 9.05.2.4 Problems that the school district is required to remedy;
 - 9.05.2.5 Overall purposes of the federal court order, settlement agreement, or court-approved remedial plan; and
 - 9.05.2.6 Any other pertinent information as determined by the department;

- 9.05.3 An itemized accounting of all expenditures made during the prior school year from state funds identified under section 9.05.1 and expended to comply with the school district's obligations identified under section 9.05.2;
 - 9.05.3.1 The accounting shall be specific and detailed and include an explanation of how each expenditure was necessary in order to comply with the school district's obligations under the federal court order, settlement agreement, or court-approved remedial plan;
 - 9.05.3.2 It is not sufficient to provide general statements, such as stating that the funds were used in magnet schools;
 - 9.05.3.3 As part of the explanation for each expenditure, the accounting shall identify the program, goal, action, problem, and/or purpose listed in response to Section 9.05.2 to which the expenditure is related;
- 9.05.4 The total amount of all state funds identified in response to section 9.05.1 and remaining in the school district's fund balances as of July 1; and
- 9.05.5 A statement that the sum total of all expenditures identified in response to sections 9.05.3 and 9.05.4 is equal to the sum total of state funding identified in response to section 9.05.1, or alternatively, an explanation of the discrepancy.
- 9.06 Unless the Department approves otherwise, any data to be reported under sections 9.05.1, 9.05.3, and 9.05.4 shall be submitted to the Department in electronic format as a Microsoft Excel file utilizing a template to be furnished by the Department no later than August 1.
 - 9.06.1 Unless the Department approves otherwise, any data to be reported under section 9.05.2 shall be submitted to the Department in electronic format as a Microsoft Word or Adobe Portable Document Format (PDF) file.
- 9.07 The Department may withhold state aid from any LEA that fails to file its budget or any other required report with the Department by the deadline established on the list of all required financial accountability reports, provided that the Department has met the deadline for providing information pertinent to meeting the deadlines.

10.00 Required Training

- 10.01 The Department shall establish two (2) tiers of required training.
 - 10.01.1 Both tiers of required training shall apply to all LEAs.
 - 10.01.2 A minimum of two (2) persons per LEA are required to attend an Initial and an Annual Tier I Training. The two persons shall include:
 - 10.01.2.1 The district superintendent or the education service cooperative director or the open enrollment charter school director; and
 - 10.01.2.2 A person whose job responsibilities include preparing the budget or overall accounting responsibility.
- 10.02 The two (2) persons per LEA required to attend shall each obtain twelve (12) hours of Initial Training and instruction necessary to demonstrate basic proficiency as determined by the Department, including but not limited to:
 - 10.02.1 School laws of Arkansas;
 - 10.02.2 Laws and rules governing expenditures, fiscal accountability, and school finance;
 - 10.02.3 Ethics; and
 - 10.02.4 Financial accounting and reporting of LEAs.
- 10.03 After obtaining the Initial Training, the two (2) persons required to attend shall obtain four (4) hours of Tier I annual training and instruction in order to maintain basic proficiency in the topics described in Section 10.02 of these rules.
 - 10.03.1 The two (2) persons per LEA are required to attend the training under Section 10.01 of these rules by December 31 of each year.
 - 10.03.1.1 The training may be provided by a higher education institution, the Department, the Arkansas Association of School Business Officials or from another provider.

- 10.03.1.2 The training sessions may be held throughout the State, via distance learning, or from an online course.
- 10.03.1.3 All providers for training shall apply for and receive approval from the Department prior to providing the training.
 - 10.03.1.3.1 The provider shall submit a complete request for approval prior to the scheduled training.
 - 10.03.1.3.2 The Department shall establish the request form.
 - 10.03.1.3.3 The provider shall provide the Department with a list of persons who attended the training sessions.
 - 10.03.1.3.4 The Department's administrative staff will review the request.
 - 10.03.1.3.5 If additional information is requested, the provider will be responsible for providing an immediate response in order to gain approval in a timely manner.
 - 10.03.1.3.6 Department staff will be allowed to attend all training sessions in order to monitor for quality and completeness.
 - 10.03.1.3.6.1 Department staff will not be required to pay to attend the training
- 10.03.2 Persons failing to obtain required training by the end of the calendar year and failing to receive training by March 1 of the following calendar year without filing a request for an extension shall be sanctioned by the State.
 - 10.03.2.1 The request for an extension must be sent to the Department by certified mail, return receipt requested.

- 10.03.2.2 The request for an extension must be received by the Department prior to March 1.
- 10.03.2.3 The Department shall establish a form to be used in requesting an extension.
- 10.03.2.4 The request shall include a corrective action plan for obtaining the required training in a timely manner.
 - 10.03.2.4.1 For each person failing to obtain the required training by March 1, the Department shall immediately notify the superintendent or director of the employing school district, open enrollment charter school, or education service cooperative.
 - 10.03.2.4.2 Notification will be sent by certified mail, return receipt requested.
 - 10.03.2.4.3 The Department will also notify the school board president.
- 10.03.3 The superintendent or director of the LEA shall notify the person who failed to receive the required training, and the person shall be unable to continue in his or her position from the date of receipt of notification.
 - 10.03.3.1 Notification will be by certified mail, return receipt requested.
 - 10.03.3.2 Any person receiving notice that he or she shall be unable to continue in his or her position solely because of his or her failure to obtain the required training may request a hearing before the SBE prior to his or her permanent dismissal.
- 10.03.4 If the person fails to obtain all required training by December 31 following the March 1 extension deadline, this failure shall constitute one (1) citation against the school district, or the open enrollment charter school, as measured by the Standards for Accreditation of Arkansas Public Schools issued by the Department or an admonishment to the education service cooperative by the Department.

- 10.03.5 If the person is unable to obtain the required training because of military service or illness as verified by a written sworn statement of the person's attending physician, the Department shall grant an extension permitting the person additional time to obtain the required training.
- 10.03.5.1 The person shall submit the appropriate documentation of military service or illness to the Department.
- 10.03.5.2 The documentation must be sent by certified mail, return receipt requested.
- 10.03.5.3 The length of time of the extension will be determined on an individual basis at the discretion of the Department.
- 10.03.5.4 The issuance of an extension shall not constitute a citation against the school district or the open enrollment charter school as measured by the Standards for Accreditation of Arkansas Public Schools issued by the Department or an admonishment to the education service cooperative by the department. Also the Department shall not operate to remove the person from his or her job if an extension has been granted by the Department.
- 10.03.6 The Department shall maintain records of instructional hours of Tier I Training obtained by any individual covered under this section.
- 10.03.6.1 Each district shall provide a list of the names and positions of the persons covered by these rules, to the Department by December 31 of each year. The information shall be provided in a format approved by the Department.
- 10.03.6.2 Separate lists will be provided for persons obtaining the initial training to demonstrate basic proficiency and for those obtaining additional hours.
- 10.03.6.3 The trainer or the institution providing the training will provide verification of instructional hours.

- 10.03.6.4 The Department may publish a list identifying the persons required to receive training and the compliance status.
- 10.03.6.5 Persons employed as of July 1 shall be required to obtain training by December 31 of that year.
- 10.03.6.6 Persons employed after July 1 shall be required to obtain training by December 31 of the next year.
- 10.03.6.7 Persons changing employment will have their training history accepted by the new employer.
- 10.03.7 Any school district or open enrollment charter school that does not follow the provisions of Ark. Code Ann. Title 6, Chapter 20, subchapter 22 shall be placed in fiscal distress.
- 10.03.8 Any education service cooperative that does not follow the provisions of Ark. Code Ann. Title 6, Chapter 20, subchapter 22 shall be sanctioned by the SBE.
- 10.04 Tier II training shall include, but is not limited to, employees who make decisions about selecting codes or who have a limited number of codes that they can use.
 - 10.04.1 Tier II training shall be developed by the Department in cooperation with representatives from the Arkansas Association of School Administrators, the Arkansas Association of School Business Officials, the Arkansas Education Association, the Legislative Joint Auditing Committee and education service cooperatives.
 - 10.04.1.1 The training shall be annual and shall be four (4) hours.
 - 10.04.1.2 LEAs shall be responsible for providing the training to these employees.
 - 10.04.1.3 LEAs' trainers are required to attend Initial and annual Tier I training.
 - 10.04.1.4 Each LEA shall maintain files and records indicating all employees required to obtain and who have completed Tier II training.
 - 10.04.1.5 Each district superintendent, open enrollment

charter school director or education service cooperative director shall provide the Department an assurance statement regarding the completion of Tier II training by the required individuals by the end of the fiscal year.

11.00 Sanctions

- 11.01 Any school district that does not comply with and meet the requirements of these rules, shall, after receiving notice as required by law, be identified by the Department as being in fiscal distress.
 - 11.01.1 Any open enrollment charter school that does not comply with and meet the requirements of these rules may be referred to the SBE for possible modification, revocation, or denial of renewal of its charter pursuant to Ark. Code Ann. § 6-23-105 and the Department's Rules Governing Public Charter Schools.
- 11.02 Any education service cooperative that does not comply with and meet the requirements of these rules shall be sanctioned by the SBE.
- 11.03 Any licensed classroom teacher or administrator of a school, school district, open enrollment charter school or education service cooperative that provides false expenditure information may have his or her license placed on probation, suspended or revoked pursuant to procedures utilized in accord with Ark. Code Ann. § 6-17-410.
- 11.04 Persons failing to obtain required training by December 31 of the calendar year and who fails to cure any training deficiency by March 1 of the following year without filing a request for extension of time and after receiving proper notice shall be unable to continue in his or her position of employment effective on the date of receipt of notification from the superintendent of the school district, open enrollment charter school or education service cooperative.
- 11.05 If a person fails to obtain all required training by December 31, this failure shall constitute one (1) citation against the school district, the open enrollment charter school or an admonishment to the education service cooperative.

GR-35. EXEMPTIONS FROM TAX – SCHOOLS:

A. There is no general exemption that applies to all sales to school districts or public schools. There is no general exemption that applies to sales by school districts or public schools. However, there are certain specific exemptions that apply to schools and school districts that are addressed or referenced in this rule.

B. TEXTBOOKS AND INSTRUCTIONAL MATERIALS. For sales of textbooks and instructional materials see GR-69.

C. SALES OF FOOD. Sales of food or food ingredients or prepared food in public, common, high school, or college cafeterias and lunchrooms that are operated primarily for teachers and pupils and not operated for profit or for the general public are exempt from sales tax. Any kindergarten, middle school, junior high school, high school, or college that operates a cafeteria or lunchroom primarily for teachers and pupils and not for the general public and that is not operated for profit is not required to collect tax on its sales of food or food ingredients or prepared food.

D. PTA/PTO FUNDRAISING. For special rules pertaining to fundraising see GR-24.

E. SCHOOL BUSES AND MOTOR VEHICLES. For sales of school buses or motor vehicles see GR-34.

Source: Ark. Code Ann. §§ 26-52-401(3); 26-52-410; 26-52-437

GR-34. EXEMPTIONS FROM TAX - MOTOR VEHICLES PURCHASED BY SPECIFIC INDIVIDUALS AND ORGANIZATIONS:

A. The gross receipts or gross proceeds derived from sales of motor vehicles licensed for use on the highway and motor vehicle adaptive equipment to disabled veterans who have purchased the vehicles or the equipment with the financial aid of the United States Department of Veterans Affairs pursuant to the provisions of 38 U.S.C. §§ 1901-1905 are exempt from the tax. An official letter from the United States Department of Veterans Affairs verifying this fact will be accepted as proof of entitlement to this exemption.

B. Gross receipts and gross proceeds derived from the sale of new automobiles to a veteran of the United States Armed Services who is blind as the result of a service connected injury shall be exempt from the Arkansas Gross Receipts Tax. This exemption shall apply only to those persons who furnish the Department with a statement from the United States Department of Veterans Affairs certifying that such individual is a veteran of the United States Armed Services and has been blinded as the result of a service connected injury. This statement shall be supplied to the Department upon application for a vehicle license. This exemption shall be available only on the gross receipts or gross proceeds derived from the sale of one (1) new or used automobile every two (2) years to a veteran who complies with the requirements of this Section. As used herein, "automobile" means a passenger automobile or pickup truck but does not include trucks with a maximum gross load in excess of three-quarters of a ton and does not include any trailer.

C. The gross receipts or gross proceeds derived from the sale of school buses to school districts in Arkansas are exempt from the tax. Similarly, the gross receipts or gross proceeds derived from the sale of school buses to private school bus operators are exempt from the tax if all of the following criteria are satisfied:

1. At the time of the bus purchase, the private school bus operator has already contracted with an Arkansas school district to provide school bus services to students within the district;

2. The school buses purchased by the private school bus operator will be used solely and exclusively to transport the school district's students as required under the contract;
 3. The school district is obligated under the terms of the contract to pay any taxes related to the school buses; and
 4. The buses must be equipped with flashing white strobe lights and bus mounted "crossing gates" as required under Ark. Code Ann. § 6-19-117.
- D. The gross receipts or gross proceeds derived from the sale of motor vehicles licensed for use on the highways for use exclusively by volunteer crews or squads for life saving, first aid or other rescue activities, including volunteer fire departments, are exempt from tax if the following conditions are satisfied:
1. The person, firm, or corporation desiring to claim this exemption shall obtain an application for registration and license from the Office of Motor Vehicle Registration, Division of Revenue, Arkansas Department of Finance and Administration. The application must be completed and submitted to that office along with the filing fee.
 2. The vehicle must be painted a distinguishing color and must have conspicuously displayed thereon in letters and figures not less than three inches tall the identity of the volunteer life saving or first aid crew or rescue squad using such vehicle.
- E. The gross receipts or gross proceeds derived from the sale of motor vehicles to municipalities, public school districts, and state supported colleges and universities within Arkansas are exempt from the tax, whether the vehicles are required to be licensed for highway use or not. The gross receipts or gross proceeds derived from the sale of a motor vehicle to a state supported vocational-technical school, technical college or community college located within Arkansas shall be exempt from the tax if such motor vehicle is to be used solely and exclusively for "training purposes" by the school or college. The term "training purposes" means that the motor vehicle must be used as an instructional or educational tool rather than for the school or college's transportation needs. For example, a motor vehicle purchased by a vocational-technical school exclusively for use in its automobile repair courses would qualify for the exemption. However, if the motor vehicle is used by the same school to transport students, staff, faculty or administrators, the tax exemption would not apply.
- F. The gross receipts or gross proceeds derived from the sale of new motor vehicles which are purchased by non-profit organizations and used for the performance of contracts with the Department of Human Services ("DHS") or purchased with Urban Mass Transit Funds, are exempt from gross receipts tax if the following conditions are met:
1. Ten (10) or more vehicles are purchased at the same time for a fleet price;
 2. The vehicles meet or exceed applicable state purchasing law specifications; and
 3. The vehicles are used for transportation under DHS programs for the aging, disabled, mentally ill, or children and family services.
- G. 1. Vehicles that must be licensed for use on the highway include: passenger cars, trucks, semi-trucks, buses, motorcycles as defined in Ark. Code Ann. § 27-20-101, school buses, ambulances, hearses, and motor homes.
2. Vehicles that do not have to be licensed include: special mobile equipment as defined in Ark. Code Ann. Ann. § 27-14-211 (farm tractors, road construction and maintenance equipment, ditch-digging and well-boring equipment, etc.), implements of husbandry as defined in Ark. Code Ann. § 27-14-212 (farm tractors, combines, etc.),

motorized bicycles, golf carts, riding lawn mowers, and all-terrain vehicles as defined in Ark. Code Ann. § 27-21-102.

Source: Ark. Code Ann. §§ 26-52-401(6); 26-52-410; 26-52-415; 26-52-420; 26-52-510

GR-24.SPECIAL RULES FOR FUNDRAISING AND OTHER INFREQUENT SALES:

- A. PTA/PTOs or OTHER SCHOOL ORGANIZATIONS. A PTA/PTO or other school organization that conducts fundraising activities must pay tax on purchases for resale but does not have to collect tax on the sales of the items. However, if the vendor provides order forms that are distributed to the students and the students take orders for the vendor, the vendor is responsible for sales tax on the sales made by the students. The students are permitted to collect tax on the vendor's behalf. However, if the students do not collect the tax for the vendor, the vendor must remit the total tax due to the state. Tax is due on the gross receipts received by the students from the purchaser.
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GR-69. EXEMPTIONS FROM TAX – TEXTBOOKS AND OTHER INSTRUCTIONAL MATERIALS:

- A. The gross receipts or gross proceeds derived from the sale of textbooks, library books, and other instructional materials are exempt from tax if purchased by:
1. An Arkansas school district or Arkansas public school that receives state funding;
 - or
 2. The State of Arkansas for free distribution to Arkansas school districts or Arkansas public schools.
- B. The exemption will not apply unless the instructional materials are to be provided to the students free of charge. Private schools and public libraries are not entitled to the exemption.
- C. For purposes of the exemption, “instructional materials” means and includes the following:
1. Traditional books, sheet music, and trade books in printed and bound forms;
 2. Activity-oriented educational programs that may include manipulatives;
 - a. “Activity-oriented educational programs” are academic programs that incorporate hands-on learning strategies to enhance learning.
 - b. “Manipulatives” are tools used in conjunction with an educational activity that allow the student to explore and learn through direct manipulation of physical objects.
 3. Hand-held calculators;
 4. Technology-based educational materials and electronic software that require the use of electronic equipment in order to be used in the learning process, e.g. software and software licenses;
 - a. “Technology-based educational materials” does not include the equipment required to make use of these materials, e.g. computer hardware. Computer hardware is taxable.
 - b. Only software actually used in the learning process qualifies for the exemption. Other software, such as software used for class preparation or administrative purposes, does not qualify for the exemption.
 5. Maps, globes, art supplies, workbooks, flash cards, educational blocks, educational models, manipulatives, and charts for classroom use; and

6. Video tapes, DVDs, films, or cassettes containing instructional information designed to be presented to students as part of a course of study.

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D. "Instructional materials" does not include the following:

1. Items purchased for use in interscholastic extracurricular activities;
2. Items purchased for use in administration or maintenance of the school including, but not limited to, computer supplies; record keeping, evaluation, or testing supplies; general use furnishings, equipment, and supplies, including photographic or audio visual equipment; or other administrative or maintenance supplies even if these supplies are distributed free of charge to the students; and
3. Construction materials or supplies.

E. This exemption does not apply to colleges, universities, or other post-secondary education facilities.

Source: Ark. Code Ann. § 26-52-437

GR-33. EXEMPTIONS FROM TAX - FOODSTUFFS SOLD TO GOVERNMENTAL AGENCIES AND NONPROFIT FOOD DISTRIBUTION AGENCIES:

A. The gross receipts or gross proceeds derived from the sale of food or food ingredients or prepared food to governmental agencies for free distribution to any public, penal, or eleemosynary institution or for free distribution to poor and needy individuals are exempt from the tax. The gross receipts or gross proceeds derived from the sale of food or food ingredients to nonprofit agencies organized under the Arkansas Nonprofit Corporation Act, § 4-28-201, et seq., for free distribution to the poor and needy are exempt from gross receipts tax.

B. DEFINITIONS.

1. "Governmental agencies" mean any agency or department of the United States, the State of Arkansas, counties, cities, towns, or school districts. Government agencies do not include a private non-profit organization funded wholly or in part by public monies.
2. "Public institution" means any institution operated, or managed by a governmental agency, or supported in whole or substantial part by public funds, for the benefit of the economically disadvantaged.
3. "Eleemosynary institution" means any charitable and non-profit organization which is operated primarily for the benefit of the economically disadvantaged.
4. "Free distribution" means that no consideration is required prior to, subsequent to, or at the time of distribution.
5. "Poor and needy" means individuals who are economically disadvantaged (e.g., individuals who receive little or no income in any form or fashion).

Source: Ark. Code Ann. §§ 26-52-401(19); 26-52-421

GR-39. EXEMPTIONS FROM TAX - CHARITIES AND CHURCHES:

A. The gross receipts or gross proceeds derived from the sale of tangible personal property or services by churches or charitable organizations are exempt from the tax except where such organizations may be engaged in business for profit. Additionally, sales made by charitable organizations that sell new tangible personal property and their sales compete with sales made by for-profit businesses are not exempt. (See GR-39(C).)

B. The gross receipts or gross proceeds derived from sales of tangible personal property or services to churches or charitable organizations are not exempt from tax unless the items purchased are for resale by the church or charitable organization. In order to claim the sale-for-resale exemption, a church or charitable organization must have either a resale certificate or a letter opinion issued by DFA certifying that it is a church or charitable organization and that it intends to resell the items purchased.

C. WHEN SALES BY CHARITABLE ORGANIZATIONS ARE NOT EXEMPT:

1. The exemption for charitable organizations shall not extend to sales of new tangible personal property by the organization if the sale competes with sales by for-profit businesses.
2. A sale by a charitable organization does not compete with a sale by a for-profit organization if:
 - a. The sales transaction is conducted by members of the charitable organization and not by any franchisee or licensee;
 - b. All of the proceeds derived from the transaction go to the charitable organization;
 - c. The transaction is not a continuing one and is held not more than three (3) times a year; and
 - d. The dominant motive of the majority of purchasers of the items sold is the making of a charitable contribution, with the purchase of the item being merely incidental and secondary to the dominant purpose of making a gift to the charity.
3. The limitations of this section do not apply to sales made by a nonprofit hospital, a cafeteria at a nonprofit hospital, or a gift shop at a nonprofit hospital, whether operated by the hospital, a hospital auxiliary, or other nonprofit organization; or to sales by gift shops operated by charitable organizations at for-profit hospitals.
4. The following activities shall not be deemed to compete with sales by for-profit organizations:
 - a. Sales of tangible personal property by charitable organizations at county fairs;
 - b. Sales at concession stands operated by a non-profit little league or soccer association or other similar athletic association;
5. The sale of fireworks by a non-profit charitable organization shall be deemed to compete with for-profit organizations.

D. DEFINITIONS.

1. See GR-37(E)(6) for definition of charitable organization.
2. The phrase "engaged in business for profit" means that the income or receipts of the church or charitable organization inures to the benefit of an individual, corporation organized for profit, trust organized for profit or partnership organized for profit. A charitable organization or church that has obtained a ruling from the United States Internal Revenue Service or Arkansas Department of Finance and Administration, Income Tax Section, which certifies the organization for income tax purposes is presumed to be a non-profit organization.

Source: Ark. Code Ann. §§ 26-52-401; 26-52-430
