

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

Call Item 5

A Bill

HOUSE BILL 1038

5 By: Representative Medley
6
7

For An Act To Be Entitled

9 AN ACT TO LIMIT SCHOOL DISTRICT CENTRAL OFFICE
10 ADMINISTRATION SALARIES, BENEFITS AND EXPENSES;
11 AND FOR OTHER PURPOSES.
12

Subtitle

13 AN ACT TO AMEND VARIOUS PROVISIONS OF
14 THE ARKANSAS CODE RELATED TO PUBLIC
15 SCHOOL FINANCE.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code Title 6, Chapter 20, Subchapter 22 is amended
22 to add an additional section to read as follows:

23 6-20-2209. Limitation on central office administrative expenditures.

24 (a) As used in this section:

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

27 (i) Has district-wide administrative responsibility;

28 (ii) Is not a classroom teacher or building level
29 principal; and

30 (iii) Is employed in a position classified by the
31 Arkansas School and Educational Cooperative Financial Accounting Manual under
32 function codes designated by the department, such as central office
33 administrative function codes 2111, 2121, 2131, 2141, 2151, 2211, 2216, 2221,
34 2300-2399, 2500-2599, 2610, 2710, and 2800-2899.

35 (B) A school district may not change the classification
36 code of any position designated before April 3, 2006, as central office



1 administration without first obtaining written permission from the Department
 2 of Education;

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

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

6 (ii) Engaged directly in instruction with students in a
 7 classroom setting for more than seventy percent (70%) of the person's
 8 contracted time.

9 (B) The portion of contracted time a person is engaged in
 10 his or her duties as a guidance counselor, librarian, math and literacy
 11 coach, alternative learning environment director and staff, and summer and
 12 after-school program staff shall be counted for purposes of subdivision

13 (a)(2)(A);

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

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

21 (5)(A) "Central office administrative expenses" means school
 22 district administrative expenses assigned to any object code in function
 23 codes in the Arkansas School and Educational Cooperative Financial Accounting
 24 Manual designated by the department, such as those expenses in central office
 25 administrative function codes 2111, 2121, 2131, 2141, 2151, 2211, 2216, 2221,
 26 2300-2399, 2500-2599, 2610, 2710, and 2800-2899.

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

32 (b)(1)(A) Beginning with the 2006-2007 school year and each school
 33 year thereafter, a school district's expenditures for central office
 34 administrative expenses, salaries, and benefits for central office
 35 administrators and their staff, regardless of the source of funds, shall not
 36 exceed six and one-half percent (6 1/2%) of the sum of the district's actual

1 total expenditures for the school year recorded in:

2 (i) Fund one (1) of the teacher salary fund;

3 (ii) Fund two (2) of the district's operating fund;

4 and

5 (iii) Fund four (4) of the district's debt service

6 fund.

7 (B) The maximum amount shall not be affected by any
8 transfers among fund codes.

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

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

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

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

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

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

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

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

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

35 (2) The committee shall require the superintendent and chair of
36 the board of directors of any school district identified in the report to

1 appear before the committee and provide an explanation and accounting of its
2 central office administrative expenses for the school year in which the
3 violation occurred.

4 (3) The Department of Education shall designate a school
5 district identified in the report as failing to comply with the best
6 financial management practices for school districts, as provided in § 6-15-
7 2301.

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9 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
10 General Assembly of the State of Arkansas that the Arkansas Supreme Court
11 found that the public school funding system continues to be inadequate and
12 the public schools are operating under a constitutional infirmity which must
13 be corrected immediately; and that the current amount of funding expended in
14 some districts on central office administration is unjustified and that a
15 limitation on these expenditures will result in an efficient use of state
16 funds. Therefore, an emergency is declared to exist and this act being
17 necessary for the preservation of the public peace, health, and safety shall
18 become effective on:

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

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

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

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